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How the Panama Canal Treaty Became a Burning Issue in U.S.

by Lewis M. Duiguid and Don Oberdorfer

WASHINGTON, May 11 (WP).—June, former California governor, said today that he had briefly to the press while he was up for his presidential campaign, began writing news columns and delivering speeches warning against "giveaway" of the Panama Canal.

Reaction was a trickle of other comments that urged Mr. Reagan to say as his national campaign under way, he added the Alaska votes in primary could be crucial to Story Page 4.

to his basic speech in Louisiana, Texas and New Hampshire, where we began getting questions in the canal and then we getting questions every recalled speechwriter "It touched a deeper chord than we en-

aged, Mr. Reagan began claiming that President and Secretary of State Kissinger are planning a "secret" through secret nego- to U.S. man Gen. Omar's "a tinhorn dictator." canal issue became the issue of Mr. Reagan's cam- paign in the Texas and he was consistent when he declared, "We it, we paid for it, we and it is ours, and we to keep it."

Ford's first response was claim that "the United will never give up its rights to the Panama and will never give up its onal rights." In fact, the position in nego- with Panama envisions a "secret" limited in duration, means U.S. rights even- could be terminated.

ing to the offensive, Mr. charged that Mr. Reagan's "on- sible" position could a "bloodbath" in the Zone and turn all of Latin against the United

counterattack was backed

by Sen. Barry Goldwater, R-Ariz., who charged that Mr. Reagan's stand "could needlessly lead this country into open military conflict." Sen. Goldwater said his fellow conservative would change his views on the canal if he knew more about it.



Ronald Reagan



Gen. Omar Torrijos

After Thorpe Resignation

berals Ask Grimond to Return as Leader

From Wire Dispatches

DON, May 11.—The Liberal shaken by the resignation by leader Jeremy Thorpe, to the leadership he quit ear- s ago. Grimond, 62, was the per- sader from 1956 to 1967, he stepped aside for Mr. did not immediately tell his beral colleagues in the of Commons whether he accept. He will announce sion tomorrow.

oid, however, be a sur-

prise if he refused. Before Mr. Thorpe's resignation yesterday, Mr. Grimond had suggested he would resume the leadership provided that he would not be a caretaker and could lead his party at the next general election. His colleagues made it clear that it was just such an unconditional leadership they were offering him.

The 12 apparently concluded that none of their younger figures had enough support or authority to heal the scars from Mr. Thorpe's exit.

Mr. Thorpe, 47, quit abruptly

Democratic front-runner Jimmy Carter, drawn into the debate by reporters' questions, said he would be flexible on some issues in the U.S. negotiating position. He added, however, that "I cannot foresee a time when I would relinquish effective control of the operations or defense of the canal."

The controversy over the canal, which has become the surprise issue of the 1976 campaign, reflects deep national pride in an achievement of America's past and a nostalgia for glory.

Change of Views
Behind the debate is a struggle between Latin nationalism and the United States, as well as a long-standing policy struggle in Washington over the canal's future. As Mr. Reagan was stating his canal position last summer, U.S. policy was shifting and some of his expected allies—the Joint Chiefs of Staff and Sen. Goldwater, for example—were changing their views.

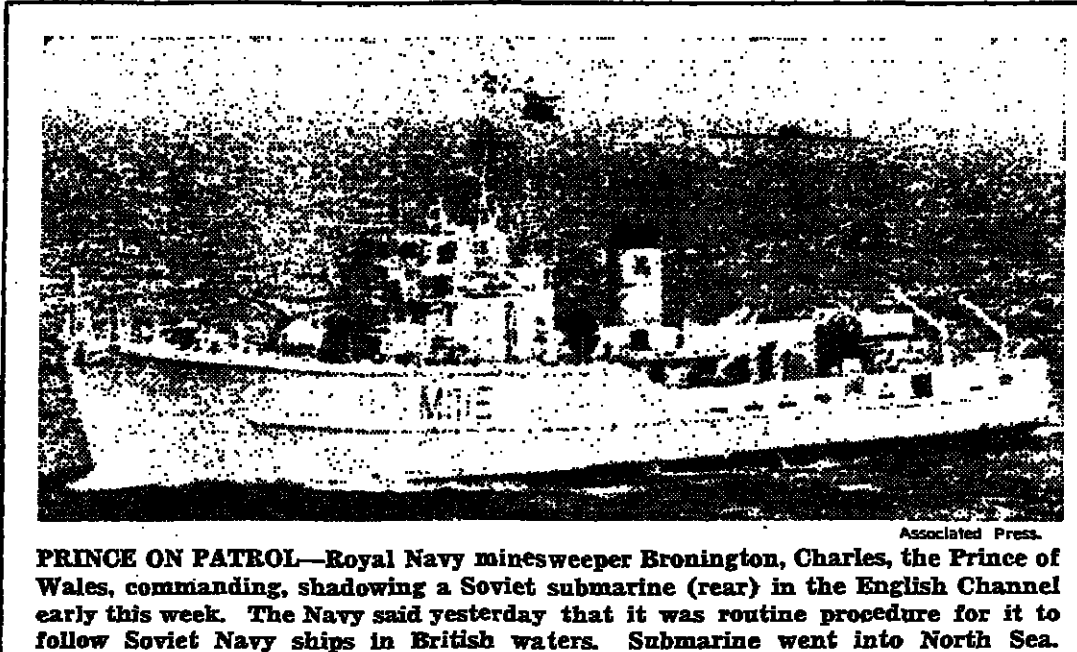
The root of the problem is in the canal's history, which is seen by many Americans as glorious and by many Latins as shameful and unfair.

In 1903, the United States inspired the revolt that created the Republic of Panama and then virtually imposed a treaty granting "in perpetuity" the use, occupation and control" by the United States of a five-mile zone on either side of the planned canal.

The United States built the canal, one of the great engineering feats of the time, in 1904-1914 at a cost of \$380 million. The United States did not buy the Canal Zone and does not own it now in the official Washington view. The United States initially paid \$10 million to Panama for the extensive Canal Zone rights plus \$250,000 a year "compensation" which is equivalent to rent. This has been raised in stages to the present yearly fee of \$2.3 million.

The U.S. Canal Zone enclave, which sits Panama in two, has been bitterly opposed by many Panamanians in the postcolonial era. Riots broke out in the zone in 1964, leaving 31 Panamanians and three Americans dead. President Lyndon Johnson responded

(Continued on Page 4, Col. 2)



PRINCE ON PATROL—Royal Navy minesweeper Bronington, Charles, the Prince of Wales, commanding, shadowing a Soviet submarine (rear) in the English Channel early this week. The Navy said yesterday that it was routine procedure for it to follow Soviet Navy ships in British waters. Submarine went into North Sea.

In Occupied Territories Israel to Extend Arab Settlements

By Terence Smith

JERUSALEM, May 11 (NYT).—Israel is drawing up plans for the establishment of a large number of new settlements in occupied Arab territory over the next several years, government officials familiar with the plans said yesterday.

The settlements, which are to range from small agricultural villages to industrial towns, are to be located in the Golan Heights, the Jordan Valley, the West Bank of the Jordan and the Rafah area of the Gaza Strip. There are already 68 Israeli settlements in occupied territory.

The officials declined to disclose exactly how many new settlements are contemplated or their precise locations. An official said "more than a dozen" were involved, while others suggested there would eventually be several dozen.

Largely a Formality
Each new settlement will have to be cleared by a ministerial committee and approved by the government as a whole before it is established. But this is largely a formality, since a broad consensus already exists within the Cabinet in favor of intensified Israeli settlement in the Arab lands captured in 1967.

Nonetheless, the whole settlement policy remains a source of fierce controversy at home and abroad. It is opposed by Israeli doves and has been repeatedly criticized by the Ford administration as an obstacle to a negotiated peace with the Arabs.

Referring to this yesterday, an official described the current policy of intensified settlement as a "calculated risk" of confrontation with the United States. Nevertheless, he said, the government appeared determined to press ahead.

Outlined Sunday
The plans for these new settlements were outlined to the Cabinet Sunday at the outset of a 10-hour debate on settlement policy. The presentation, complete with maps, charts and budget estimates, took nearly three hours.

It was against this background of continuing settlement plans that the compromise was reached calling for the removal of an unauthorized group of extreme nationalist settlers from an army camp at Kadum, near Nablus. Paced with the details of such extensive settlement plans throughout the occupied territory, the importance of Kadum seems to have diminished in the minds of the National Religious party min-

isters who normally support the Kadum group.

The Cabinet resolution, which was approved by a vote of 17-3 with three abstentions by the religious ministers, narrowly averted a coalition crisis for Prime Minister Yitzhak Rabin. The resolution effectively banned any further illegal settlements in the West Bank, but stressed that the gov-

ernment would continue to establish other settlements in areas of its own choice.

Under the compromise, the settlers at Kadum will be allowed to stay on for a few weeks until a permanent site has been selected for them by the government. The argument is likely to revive, however, when the new site is announced.

U.S. Special Envoy Optimistic On Lebanon Peace Prospects

From Wire Dispatches

BEIRUT, May 11.—U.S. envoy Dean Brown today finished his mission here, expressing cautious optimism that Lebanon was moving toward "sanity, rationality and re-creation of a state."

The veteran diplomat, who has regularly crossed the Lebanese battle lines to confer with leaders of the warring factions, based his optimism partly on the election last week of a new President, Elias Sarkis.

He held a farewell news conference that all parties in Lebanon realized that the civil conflict, which has cost more than 15,000 lives in the past 13 months, was self-defeating.

Asked why he thought the leftist and rightist factions would rally around Mr. Sarkis, whose election was boycotted and condemned by the left—Mr. Brown said:

"It is just an intuitive sense that they are in the process of realizing there are no winners and no losers here. It is impossible to have a military victory."

Heavy Artillery
Security officials reported, meanwhile, that Syrian-controlled Palestinians fired heavy artillery and Russian rockets at leftist Muslim forces today.

Officials said a number of Lebanese fighters were killed in the clashes with Palestinians of the as-Saiga organization in the northern port city of Tyre, but there was no immediate count.

Security officials and Palestinian sources reported another clash on the edge of Beirut, between as-Saiga troops and members of leftist Muslim leader Kamal Jumblatt's Progressive Socialist party.

As-Saiga—trained and equipped by Syria—was reinforced by about 1,000 troops immediately after Mr. Sarkis's election Saturday. It is expected to play a major role in his efforts to restore order.

Security officials said 49 persons were killed today in scattered

clashes in Beirut and the mountains, sharply down from the levels of the last four days.

Palestinian leaders were reportedly discussing using the Palestinian Liberation Army to man a buffer zone in the Mount Lebanon area.

Consolidate Effort
The Christian forces were trying to consolidate their hold on the Christian enclave in the area. The P.L.A. already mans a buffer zone in Beirut's commercial center and along the capital's Moslem-Christian dividing line.

Leaders of the coalition of leftist forces said after a meeting tonight that "one of the conditions for reaching a political settlement" is "the withdrawal of the Syrian Army, all the bodies attached to it, or taking their orders from it," the latter being a reference mainly to as-Saiga.

In his remarks, Mr. Brown praised the role of Syria, which has sent more than 10,000 troops into Lebanon, as carefully cal- culated and sensible.

"I don't think Syria will try and take over this place," he said.

But he added that the essential burden of restoring peace in Lebanon would have to be borne by the Lebanese themselves.

Russia Finally Allows Modern Art Show
MOSCOW, May 11 (Reuters).—An exhibition of modernist drawings and paintings by seven leading Soviet avant-garde artists opened here today with last-minute official approval from the Cultural Committee of Moscow's City Council, after nearly a year of haggling over which artists and works might be included.

Although there was no publicizing, several hundred people queued to see the works this morning and were admitted in groups by police every 30 minutes.

U.S. Aid Plan Seeks to Limit A-Arms Risks

By Don Oberdorfer

WASHINGTON, May 11 (WP).—The Senate Foreign Relations Committee, in a surprise move, voted today to bar all U.S. economic or military assistance to nations which import or export nuclear reprocessing plants that can be used to make atomic bombs.

The action came as Senate and House committees moving with unusual speed, adopted separate two-year, \$9-billion versions of the military aid bill vetoed by President Ford last Friday.

The provision, if approved by Ford, would apply to the sale of reprocessing equipment by West Germany to Brazil and by France to Pakistan. Another sale of such equipment, by West Germany to Iran, is reported under consideration.

Dangerous Development
Sen. Stuart Symington, D-Mo., sponsor of the amendment on a two-year military aid bill approved by the committee, called the pattern—setting German-Brazilian agreement "the most dangerous development for the peace of the world" at the present time. He said, "The U.S. Congress has got to put a stopper on this situation."

Prospects for Senate approval of the Symington amendment appeared to be good. No senator expressed objection to the principle of his amendment during committee consideration.

Sen. Symington charged that the United States has fostered nuclear proliferation by its present policies. "If it doesn't stop, we're going to blow up the world," he declared.

Staff members said that no reprocessing facilities have yet been delivered by West Germany or France to their respective purchasers.

Both Brazil and Pakistan are major recipients of U.S. assistance and would be affected seriously by a cutoff.

The nuclear provision was not included in the House bill and if it is accepted by the Senate, its fate will be decided in a House-Senate conference.

Softer Demands
Both the Senate panel and the House International Relations Committee moved to soften demands for congressional controls on foreign affairs that were cited by Mr. Ford as attachment on presidential authority.

The Senate panel dropped the \$9-billion annual ceiling on arms aid, but retained provisions giving Congress veto power over sales greater than \$35 million. Both committees dropped the trade embargo of the Vietnam blockade cargo that particularly angered Mr. Ford.

The House panel, however, decided to keep the \$9-billion ceiling, but modified congressional power to veto arms sales and terminate arms programs for violations of human rights or discrimination against U.S. employees on the basis of religion or race.

Under the new Senate bill, Israel would receive \$2.5 billion in military credits, about half of which it will not have to repay. Aid to Greece and Turkey has been dropped, to be taken up when military base agreements with those countries are considered soon.

The Senate bill also included \$85 million for security assistance to African nations, mainly Zaire and Zambia. In support of the new African policy outlined by Secretary of State Henry Kissinger during his recent African tour.

According to one Pakistani official, "the aviation matters could be settled on the morning of the first day, leaving the way clear to discuss other problems."

An agreement to exchange arms (Continued on Page 2, Col. 8)

Pakistanis, Indians Will Confer Today

Bitterness, Distrust Mark Atmosphere

By William Borders

ISLAMABAD, Pakistan, May 11 (NYT).—As Pakistan prepares to go back to the bargaining table with India for their first formal talks in a year, officials here are hopeful but wary, expressing a distrust that is the product of an old enmity.

The Pakistanis, like their counterparts in New Delhi, say they genuinely hope that the negotiations opening here tomorrow will lead to the resumption of diplomatic relations and air links between the two neighbors. But like the Indians, officials here cite the failure of the slow progress of past attempts and caution against expecting too much this time.

"The Indians have been bitten with the bug of wanting hegemony on the subcontinent," a high-ranking Pakistani said. Everyone else should be subservient to them. That's no basis for a peaceful relationship."

Freeinent Nation
Since 1971, when half of Pakistan broke away to become the independent nation of Bangladesh, India has increasingly assumed preeminence in this region. Its answer to the "hegemony" argument was phrased this way by a man in New Delhi:

"We don't want hegemony, but after all Pakistan now has only one-eighth as many people as India, and nothing like our strength, which is worth remembering."

The negotiations, between Indian Foreign Secretary Jagjit Mehta and his Pakistani counterpart, Agha Shahi are expected to last about three days.

The official Indian delegation arrived here today.

The first item of business is expected to be the resumption of air links between the two countries and the right of one country's commercial planes to fly over the other's territory.

Those links were broken off in 1971, as relations between the two countries slid toward the war that broke out at the end of that year. The few flights a week between the two countries now are flown by foreign lines, such as Pan American, and the overflight ban means, for example, that a Pakistani plane flying from here to Bangkok goes hundreds of miles out of the way.

According to one Pakistani official, "the aviation matters could be settled on the morning of the first day, leaving the way clear to discuss other problems."

An agreement to exchange arms (Continued on Page 2, Col. 8)

Fearful Europeans Shipping Out Money at Record Clip

By Clyde H. Farnsworth

PARIS, May 11 (NYT).—Money is on the run in Europe—shuffled into suitcases, tucked into money belts, packed under the seats of automobiles, in greater quantities than ever before in the postwar period.

Much of it is headed into Switzerland, traditional refuge of flight capital since the days of the French Revolution. While it has made Swiss banks more prosperous, the embarrassment of riches is causing serious problems for the Swiss economy.

Some of the money is moving into the United States and Canada, where it is turning up in stock market investments, farmland and second and third homes for the wealthier Europeans.

The banknotes are being smuggled out of such countries as Italy, Britain, France, Spain and Sweden mainly by persons from the middle classes who see their way of life threatened by fiscal, monetary or political

Much of It Illegally Finds Its Way Into Switzerland

changes and are striving to protect themselves with a foreign nest egg.

"When the Communists take over," a well-to-do Frenchwoman observed tartly, "they will find my embezzled bank."

"If Switzerland didn't exist," an Italian financier commented, "it would have to be invented."

Savings Expert
A leading political figure in France, with access to secret government files, said these showed that a rising number of middle-class persons were trying to export at least part of their savings.

The French have quietly been increasing customs checks at frontier crossings. "They searched everything in our car," a recent traveler into Switzerland said. "We had to open all the suitcases."

There are periodic arrests of some of the less sophisticated smugglers of Italian currency who try to take banknotes

across the Swiss border into the well-to-do town of Chiasso, whose prosperity has been rooted in the Italian money trade.

Others use more complicated methods. Italian newspapers carried reports last month of the arrest of two industrialists who used fake invoices to transfer money.

Rare stamps are also used in the transfer of money since they are easily portable and less bulky than banknotes. Gold coins have also been used.

The reasons for the currency flight differ in each country. In France, Italy and Spain, the fear of social unrest and the advent of leftist governments is cited. In Sweden and Britain, high taxation is an element. Taxes in both countries now take more than 50 per cent of the average middle-income earner's pay.

Another factor has been the devaluing of currencies such as the British pound and

the Italian lire, both of which have fallen more than 25 per cent in the last six months.

A Swiss customs official at the French border was asked recently what he thought about new measures introduced by the parliament in Bern limiting banknote imports for the first time in history.

Many Ways to Hide It
"The money will continue to come," the customs man said. "There are so many ways to hide it."

Offenders who are caught with more than \$3,000 can draw three months in jail, and \$40,000 in fines, and risk confiscation of their money packets.

Bankers report that the exodus of money from Italy has assumed gigantic proportions, a reaction to the economic and political crisis in that country and the possibility that Communists will participate in the government after elections next month.

Exporting lire has now become a business in Italy. Scores of offices have been set up, mainly by lawyers, taking the money and guaranteeing its transfer to banks in Lugano, Switzerland, just north of the border, for hefty commissions.

Italian authorities have acted recently to try to check the practice. They were instrumental in getting the Swiss to impose their \$3,000-limit on imports. They got not only Switzerland, but other countries of the European Economic Community and Austria to refuse to change \$5,000 and 100,000-lire notes, the favorites among the currency smugglers.

Using devious accounting practices that are nearly impossible to control, Milan bankers report, Italian companies are responsible for the heaviest exports of capital. One technique is to overpay for imported raw

Continued on Page 2, Col. 7



Jo Grimond

U.S. Survivors of Nazi Holocaust Still Carry Scars of the Past in Joyless Lives

By Stephen Isaacs

WASHINGTON, May 11 (WP). They tend to be super-patriotic Americans, but they are distrustful of authority, and are often alienated from their fellow Americans and their fellow religious.

They are less "liberal" political than others in their socio-economic class. Many of them are failures and live their lives without joy, carrying the physical

and emotional scars of their past, including the permanent blue numbers etched into their forearms.

Most of all, they are alive. They are survivors of Hitler's holocaust, his attempt to murder all the Jews of Europe. They are 250 of the estimated 60,000 who eventually made their way to the United States.

And they now are the subject of a two-year study by the American Jewish Committee, and have talked into the committee's tape

recorders for hundreds of hours, resulting in 19,350 transcribed pages.

The committee is making the study public today, as a prelude to its 70th annual meeting, to be held in Washington, beginning tomorrow.

Common Condition

The study, funded by a grant from the National Endowment for the Humanities, states that "sociologists have emphasized that, in a sense, virtually all im-

migrants to this country have been "survivors" whether they have fled from famine, war, religious persecution or natural disaster. They have shared a common condition of adversity and devastation in their countries of origin and have sought in America a new foundation and framework for their lives. In this sense, the group we have chosen to study is prototypical: Having lived through a trauma more severe than any in recent history, they were determined to live in a

country which represented, for them, a new world.

"The U.S. is still the land of opportunity, endless opportunity," is the conviction repeated in almost every interview with holocaust survivors, the study said.

Statements like this, the study says, "are expressed often and fervently by those interviewed, although most have lived here for at least 25 years. Holocaust survivors do not share the cynicism and loss of faith in American institutions which pollsters found

true of their fellow citizens in the 60s and 70s. Their initial enthusiasm for America has remained largely unchanged."

The 250 persons chosen for the study live in 62 different U.S. cities, and the definition chosen of a survivor was "any Jew who lived in Nazi-occupied Europe between 1939 and 1945 and who emigrated to the United States by the mid-1950s."

The study was undertaken, as co-director Arthur Mann, a professor at the University of Chi-

cago, wrote at the outset, because "surprisingly little is known about what happened to [survivors] in this country, or to their children and grandchildren."

Much of the interview time was spent on such subjects as problems encountered by offspring who have no extended family without grandparents, cousins and the like, and how experiences in Europe colored their present life.

Negative Effect

As it turned out, the holocaust had a negative effect on almost everything leaving a fragile group of survivors. The report states it delicately:

"A sense of abnormality characterizes many of the immigrants who came to the United States after the holocaust. As immigrants, they are alienated from native-born Americans. As Jews, they comprise a sub-group which has, usually, little to do with the greater group of immigrants of the same ethnic origin. Many feel an alienation from American Jews, whom they often characterize as condescending or aloof. The effects of the holocaust continue to trouble them."

The report quotes a subject as saying, "To have a well-adjusted life, you have to somehow have common memories with the people you are friends with, or common backgrounds."

"And we do not have a common background or common customs. That always makes me feel like I would be an outsider of any group."

The study says that many recurrent "nightmares, a fear of authority... and a sense of displacement and rootlessness. Some feel that they can fully trust only other survivors." Yet, some run counter to the trends, and "deliberately curtail" contacts with fellow survivors and some confess to an ambivalence about being Jewish.

"Many," says the study, "believe a similar disaster could happen to them in America."

A major problem with such a study, the authors say, is the fact that interviews ultimately determine what shall be answered, and many refuse to acknowledge lasting damage from the period, as if refusing to grant Hitler a posthumous victory.

So there is the man who, when someone notices the blue digits each concentration camp inmate had tattooed on his forearm, says that it is his girl friend's telephone number.

And there are a lot who stopped telling Americans about what happened over there—some Americans just do not seem to want to believe it.

"...There is a fine line in cruelty that a person can permit against another person," said a survivor. "Or a nation can commit against another nation. And once you cross that line, nobody will believe it was so, that it was possible."

"It had a very dampening effect on my spirits at that time and I shut up. I mean, I didn't speak much about it any more because you don't like to tear yourself open to show your bleeding heart and have a feeling you're not being believed."

Says another survivor: "People didn't believe it really happened. I remember an old man said to me: 'Did that really happen? I don't believe it.' I walked away from him. I said: 'You're right. It didn't happen.'"

The study said that no clear pattern was definable in how survivors dealt with their children (about 40 were included in the sample).

"Although some survivors maintain that their attitude toward their children is no different from other Americans," says the study, "many confess to feelings of overprotectiveness."

As for the children themselves, the study says, "They are as different as holocaust survivors themselves."

Blacks' Gains in U.S. South Discounted

By Charlayne Hunter

NEW YORK, May 11 (NYT). Despite a "striking growth of black political power and a dramatic decline of racism in southern politics," progress for blacks in the South has been much slower and on a smaller scale than is commonly believed, according to a noted black editor.

At the same time, said the lecturer, Dr. Samuel Dubois Cook, a political scientist who is president of Dillard University in New Orleans, the South now has a vision of the future that holds out the promise of its being rid of the effects of the blacks' enslavement more than a century ago.

"The South is still a divided and tormented self, a bundle of contradictions, fears, hopes and doubts," the 47-year-old native of Georgia asserted. "At the heart of the region's being, there is a power, moral and ideological struggle between the wish of the Old South and the will of the New South."

In these and other observations delivered yesterday in Atlanta during the sixth annual conference of the Association of Black Foundations' executives, Dr. Cook argued that the "key test of Southern change" is "the position of black Southerners."

Progress Cited

"Without question," he said, progress has taken place in the opportunities for black Southerners; that progress, however, has been much slower and smaller than optimists would have us believe."

Asserting that black Southerners are "a long distance from the attainment of equality of opportunity," Dr. Cook went on to define as a primary need of the South "the enactment and enforcement of laws banning discrimination in government and private employment."

In citing examples of "illusions about black progress," he indicated that while the voter education project had been instrumental in getting 3.5 million black voters registered since its inception in 1962, more than 2.5 million blacks of voting age are not registered.

And, he asserted, various forms of voter discrimination, including gerrymandering and the threat of economic reprisals, continue to exist, especially in some rural areas.

Church Asserts CIA, FBI Hid Kennedy Facts

OMAHA, Neb., May 11 (WP). Sen. Frank Church, D-Idaho, said yesterday that the CIA and FBI "failed to make a full and complete disclosure" to the Warren Commission of information they had concerning the assassination of President John Kennedy.

Sen. Church, chairman of the Senate Select Committee on Intelligence Activities, said, "There will probably be an outcry to reopen the investigation into Kennedy's death when his committee makes its report public after this spring or in early summer."

Sen. Church said his committee uncovered information "that tells the extent to which those agencies did, or failed to, turn over facts about the 1963 assassination."

Asked if he would join in what is predicted would be demands to reopen the investigation, he said: "I'll talk about that after the report is out." He would not discuss what information was not given to the commission.

"We weren't looking at the Warren Commission," he said, "but the investigation led to it as part of the job of looking at what goes on between the CIA, FBI and other governmental agencies."

Anti-Pollution Pact

MONTE CARLO, May 11 (Reuters).—France, Italy and Monaco have signed an agreement to cooperate in combating pollution in the Mediterranean.

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IT'S GONE TO HIS HEAD—Charles Hen gehold, 17, a high school student in Santa Paula, Calif., celebrated the Bicentennial with a stars and stripes haircut.

General Tire, U.S. Settle Payoff Case

By John Berry

WASHINGTON, May 11 (WP).—The General Tire & Rubber Co. agreed yesterday to settlement of government charges that it misused corporate funds in a variety of ways, including bribes to Chilean leftists, payoffs to Arab financiers and officials, and campaign contributions to U.S. candidates.

Included in the long list of allegations was a \$150,000 payment to Adnan Khashoggi, the Saudi Arabian financier, for getting General Tire's name stricken from the Arab boycott list.

The charges, filed in U.S. district court here, were the broadest yet in the Securities and Exchange Commission's two-year investigation of corporate payoffs. Immediately after the charges were filed, General Tire and its president, Michael O'Neill, signed a consent decree without admitting or denying the SEC allegations.

Independent Probe

In addition, General Tire agreed to set up an independent investigative group to look into the charges. The group's findings will be turned over to the SEC in six months, and then will be made public.

General Tire's foreign payments, said to involve "several million dollars," went to Moroccan, Chilean, Mexican, Arab and a Romanian, the SEC said.

Domestically, the SEC said that Mr. O'Neill instituted a program in 1968 under which a percentage of executive bonuses and salaries went to a political slush fund.

Called the General Tire Good Citizenship Fund, it was kept in a safe in Mr. O'Neill's office. The SEC said that between 1968 and 1973 at least \$85,000 of \$85,000 collected was distributed to politicians, much of it illegally. The commission did not name the recipients.

In Romania a consultant got \$80,000 for his aid in winning a contract to build a tire plant, and in Mexico a lobbyist was paid \$240,000 to influence the Mexican government to approve a price increase for tires.

In Morocco, it hired a "consultant" named Omar Ben Mesaud. In one instance it paid him \$500,000 for certain licenses by the government.

Russia Condemns BBC Reporting

MOSCOW, May 11 (Reuters).—A Soviet newspaper today accused the British Broadcasting Corp. of trying to blacken Soviet policy and said BBC reports about this country represented relapses into cold-war "trench sickness."

Literaturnaya Gazeta, the Soviet Writers' Union weekly, was replying to a statement made last month by BBC director general Sir Charles Curran after the Soviet Union postponed a visit he was due to make here.

The reason given for the postponement was displeasure here over a BBC interview in which exiled Soviet author Alexander Solzhenitsyn discussed his book "Lenin in Zurich."

U.S. Anti-Crime Unit Is Found Ineffective; Shutdown Urged

WASHINGTON, May 11 (AP).—An independent study of the Law Enforcement Assistance Administration concludes that the U.S. agency has performed poorly in its \$4.4-billion effort to combat crime and should be abolished.

"LEAA is unclear as to its mission, and what it has attempted it has done poorly," the study concluded. It urged Congress to shut down the LEAA and shift part of its funds to general revenue-sharing.

The study was most critical of a \$160-million LEAA "high-impact anti-crime" program launched by the Nixon administration in 1972.

In its report two months ago, Mire said it found that violent crime had "considerably worsened" in all of the eight target cities except Baltimore and Cleveland. Mire said the program gave city officials valuable training in planning and carrying out crime-fighting programs, but suggested it was foolish for federal officials to have launched the project with promises that it would reduce crime.

In announcing the administration's "high impact" project, former Vice-President Spiro Agnew heralded the plan as an "across-the-board attack on street crimes and burglaries" in eight major cities.

But the report, by the private Center for National Security Studies, said the "high impact" project succeeded only in generating mountains of red tape and had no significant effect on crime statistics.

The report by the nonprofit research group is to be issued later, but a draft copy was obtained by the press. Entitled Law and Disorder IV, the study is the fourth in a series of highly critical examinations of the LEAA. The studies are directed by Sarah Carey, a Washington attorney.

The report said, "The federal government has greatly increased its expenditures to combat crime, but these expenditures have had no effect in reducing crime."

"Not only has the LEAA... failed to halt the rising crime rates, but [LEAA] administrators haven't yet determined the steps or procedures that can be taken to achieve that goal."

Malcolm Barr, an LEAA spokesman, said Mrs. Carey "appears to have taken the easy way out... by cribbing at length from a study the agency itself contracted and the results of which it published. But while copying the reports' criticisms, Mrs. Carey has apparently failed to note some of the program's successes."

"LEAA creates a unique federal, state and local partnership to reduce crime, but to place the entire blame for all that is wrong with the criminal justice system upon LEAA is hardly fair," Mr. Barr added.

The study aimed most of its specific criticism at the "high impact" program, which had been an effort to fulfill the Nixon administration's promise to reduce burglaries and street crime in the eight target cities within two years.

Australia Cows Shot

MELBOURNE, May 11 (Reuters).—Dairy farmers in northern Victoria shot about 1,000 cows yesterday after deciding it was cheaper to slaughter them than to feed them or transport them to market.

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Compromise Plan in Senate For Intelligence Control Unit

By Walter Pincus

WASHINGTON, May 11 (WP).—A compromise plan for a permanent Senate committee to oversee intelligence activities was worked out yesterday in an attempt to head off a floor debate that a senator said threatened to be like "a civil war in which everyone would get a black eye."

Participating in the closed-door negotiations in the office of Senate Majority Leader Mike Mansfield, D-Mont., were the chairmen and key members of two Senate committees, Government Operations and Rules, that have approved conflicting proposals for a new oversight committee.

According to sources who participated in the sessions, the key points in the compromise plan are:

• The committee will have 17 senators, including two from each of the four committees that now have jurisdiction over intelligence agencies.

• The terms of membership on the new committee would be a maximum of nine years. Staff members would not serve fixed terms.

• The new committee would have exclusive jurisdiction over the Central Intelligence Agency. It would have primary jurisdiction over the FBI's intelligence activities as well as the intelligence operations of the military services, but would share that jurisdiction with the Judiciary Committee, in the FBI's case, and with the Armed Services Committee in matters dealing with the Pentagon and individual services.

New Unit First

Legislation applying to intelligence matters would first be considered by the new committee, then referred to the older standing committees.

• Several controversial methods for establishing a system by which intelligence information could be disclosed over the objections of the president were set aside.

Instead, the compromise plan calls for adherence to Rule 35, which provides that information given to the Senate cannot be released without a vote of the full Senate. Traditionally, the Senate has given each committee the authority to set its own disclosure rules.

• Whether the new committee will have authority over the budgets of CIA and other intelligence agencies has yet to be ironed out. A staff group met later to work out language that, according to one source, "would allow the new committee to participate" in the budget process.

Since Senate majority whip Robert Byrd, D-W. Va., and Rules Committee chairman Howard Cannon, D-Nev., participated in the meetings and reportedly agreed to the compromise, chances for approval of the proposal appeared good.

The compromise, however, faces strong opposition from some members of the Armed Services Committee, who do not want to give up their jurisdiction over the CIA.

"It doesn't sound like a compromise to me," said a key staff member from the Armed Services Committee, who noted that his chairman, Sen. John Stennis, D-Miss., had not been involved in the discussions.

FBI Reported Still Planting Bugs Illegally

By George Lardner Jr.

WASHINGTON, May 11 (WP).—The FBI still conducts break-ins against intelligence targets without getting a court order, it was reported yesterday by the Senate Select Committee on Intelligence Activities.

The Senate investigators' report said such surreptitious entries are conducted mainly to plant hidden microphones and other recording devices, but occasionally the missions have turned into raids for other information as well.

The FBI assured the committee that in recent years, at least, the "opportunity" to expand the entries into multi-purpose burglaries has been "exploited" only against foreign agents.

The report said that, according to an FBI memorandum supplied to the committee last fall, in the course of installing electronic bugs "there have been occasions when observations and recordings were made of pertinent information contained within the premises."

The Senate committee report said that special teams of FBI agents have carried out more than 1,000 surreptitious entries without judicial warrants since World War II, "despite the questionable legality of the technique and its deep intrusion into the privacy of targeted individuals."

Committee staffers said neither the Justice Department nor the FBI offered any clear explanation of why warrantless entries to eavesdrop on "foreign espionage or intelligence" targets are still considered necessary when warrants could be obtained from the courts under the provisions of a 1968 law.

The Senate study said the number of surreptitious entries the FBI has carried out may never be known—partly because of the FBI's "do not file" system, which provided for the periodic destruction of pertinent records.

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An Avenue Divides Two Worlds and Two Mentalities in Panama

By Jonathan Kandell

PANAMA, May 11 (NYT)—The view from the tourist brochures is usually taken from some high hotel terrace. It shows the red-tiled roofs of Spanish colonial-style houses, the condominiums, the shrimp boats in Panama Bay and, beyond, the freighters lining up to enter the canal for the eight-hour journey that will take them from the Pacific Ocean to the Caribbean Sea.

But the view that counts nowadays is less panoramic. It is taken somewhere along President John F. Kennedy Avenue, as the Americans call it, or Avenue of the Martyrs, as it is known to Panamanians. By whatever name, that main thoroughfare is one of the dividing lines between the wooden tenements of a Panamanian slum and the manicured lawns of the U.S.-run Canal Zone. It is also a line that underscores and dramatizes the argument over the canal being waged between President Ford and his Republican opponent, Ronald Reagan.

The residents of the Canal Zone, or Zonians, complain that the image is a cliché that cannot convey the complications and subtleties in their relationship with Panamanians ever since the canal opened in 1914.

They assert that there are solid patriotic motives to maintaining the status quo in the Canal Zone, but it is the specter across Kennedy Avenue—the fear of losing a way of life and their livelihood—that has fueled their resistance to a new Panama Canal treaty.

The Panamanians have solid political and economic reasons for wanting to control the canal eventually. But it is the stark contrast between the chaotic tropical poverty in most of Panama and the orderly, modern world of the Canal Zone that has fed the nationalistic urge to exercise sovereignty over the foreign enclave that bisects their country along a corridor 53 miles long and 10 miles wide.

Everyone here has always recognized the chasm that separates the two worlds along Kennedy Avenue. There is the Zonian housewife who swears she would pack up and move back to the States tomorrow if the U.S. policemen and court system in the zone were replaced by those of Panama. There is the Panamanian hotel manager who advises his guests, "If it's steak you want, the best ones are served at the American Legion Club in the zone." And there is the Panamanian welder who still runs the day three years ago when he resigned his job in the zone to hire out to a local construction concern because "Now, man, I don't have the security I had with the gringos."

The population of the Canal Zone is about 42,000, but most are U.S. servicemen temporarily stationed there. Civilian employees number about 15,000, of whom perhaps 12,000 are Panamanians. The rest are mostly from the West Indian labor gangs brought over to build the canal.

Save Porpoises, U.S. Judge Rules
WASHINGTON, May 11 (AP)—A federal judge today ruled that tuna fishermen to stop using a common method of fishing that kills hundreds of thousands of porpoises each year along with the tuna.

The ban by U.S. District Court Judge Charles Richey becomes effective May 31. Estimates are that between one-third and one-half of the domestic tuna catch is taken by following porpoises to find large schools of tuna. Porpoises often are trapped in the nets intended for the tuna. The suit was brought by 14 environmentalist groups.

"If we can't fish on porpoises, we're in trouble," said a tuna boat official in San Diego. He said as much as 80 per cent of the tuna taken by boats out of San Diego is caught by following the mammals.

Laos Officers 'Re-Educated'

BANGKOK, May 11 (UPI)—Laos has released the first group of rightist officers sent away for re-education when the Communists began consolidating their grip on the country last May, the official Laotian radio said today.

The broadcast, monitored here, said "several" officers in Oudom Say, 13 miles north of the royal capital of Luang Prabang, "are back in service and have been integrated into the new regime."

The broadcast did not name the officers, say how many were in the group or list their ranks. Thousands of other officers and civilian employees of the government were sent to remote areas of Laos for re-education.

their pleas against a new treaty. And earlier this year, it was this group who, through a strike by ship pilots, brought canal traffic to a halt for a week mainly as an act of political protest. It was the first significant work stoppage in the canal's 62-year history.

Reagan Supporters
Most Zonians appear to be solid supporters of Mr. Reagan and appear convinced that an unholy alliance exists between Gen. Omar Torrijos, Panama's chief of government, and the Ford administration to drive them out of the zone. At times, it is hard to tell whether they feel more vehemently about Gen. Torrijos or Secretary of State Henry Kissinger.

Frankie Bright is assistant chief of the labor training program in the Canal Zone. Like half of the civilian employees, he is the son of Zonians and thoroughly enjoys the tinned atmosphere of Balboa and the other communities in the zone. "I'm not a number or a statistic here," he said. "I'm somebody. I drive my car with one hand because I'm waving to everyone I pass on the street with the other."

Mr. Bright, son of an American father and Panamanian mother, is bilingual, looks Latin and bristles at the stereotype of Zonians as red-necks.

"O.K., there are some people here who don't like to go into Panama," he said. "But there are some of us who go native so much that the Americans here get annoyed." According to Mr. Bright, the real issue is "the people issue."

"When Torrijos waves his arm and says he guarantees jobs for all canal employees, that's a lot of bull," he said. "There has to be more security than that. If there is a change in the canal, and I have to work for a Panamanian, I don't want to bear the burden of what Joe Rear-Neck did to his dad some time long ago."

Mr. Bright contends that the Panamanians are not interested in running the canal themselves. Basically, the real concept is to get more money from the U.S., he said. "If the Panamanians really wanted to take over operations, they would show

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Should Mr. Reagan be defeated and his Panama position thus seem to be repudiated, the next administration may feel more confident of winning public and congressional support for a new pact. This is particularly so because of the public attention being given this year to the treaty and the underlying issues.

Should Mr. Reagan win the Republican nomination or the election, a new canal treaty is likely to become more difficult. In that case, U.S. foreign policy could turn toward a confrontation course with Panama and other states of Latin America.

Mr. Kissinger flew to Panama in February, 1974, to sign a joint declaration of "eight principles." The United States agreed then that a new treaty would be for a fixed period of time rather than an "in perpetuity" concept that deeply offends the Panamanians.

Opposition in Congress was immediate. Within a month, 34 senators—enough to block ratification of any eventual treaty—had signed a resolution insisting on "undivided sovereignty" in the Canal Zone. The effort was tacitly supported by the U.S. military, which maintains nearly 10,000 troops and extensive installations there.

Moving into crucial stages of negotiations last summer, Mr. Ford insisted that the State and Defense Departments resolve their bureaucratic war over the canal by preparing a unified U.S. position. This was thrashed out in intensive deliberations and, as a result, the Pentagon agreed to a unified stand that went further

than ever toward a new deal for Panama.

To dramatize the Pentagon's new stand, Gen. George Brown, chairman of the Joint Chiefs of Staff, flew to Panama early in September and announced U.S. military support for the negotiations.

While details are secret, reliable sources report the Pentagon is asking for "defense rights" over the Canal Zone for 45 years while agreeing that "operating rights" can be for a lesser time. It also has presented a list of "lands and waters" it wishes to occupy in the zone for defense purposes.

These U.S. positions are still unacceptable to Panama, which seeks a treaty of about 25 years duration and wants to take over more of the land in the Canal Zone. Nonetheless, there has been movement toward agreement—at least until the issue erupted in the Republican primaries.

Contrary to what Mr. Reagan and some members of Congress assert, the United States has conceded officially that it does not possess legal sovereignty in the Canal Zone. The preamble of the 1903 treaty states that the United States was authorized to acquire "control" of the zone, "the sovereignty of such territory being actually vested in the Republic of Panama."

The fundamental reason for the U.S. decision to renegotiate the 1903 pact is that Panama and other Latin nations reject it and this opposition, if not curbed, could lead to the crippling or destruction of the canal.

The 'Real Choice'
Mr. Bunker has said, "The real choice before us is not between the existing treaty and a new one, but rather between a new treaty and what will happen if we should fail to achieve a new treaty."

The long, narrow canal and the thin zone around it are highly vulnerable to sabotage, guerrilla action or conventional attack.

A senior diplomatic official quoted Gen. Brown as saying in explanation of the Pentagon stance, "The canal can be more effectively defended jointly [with the Panamanians] than it can be by the U.S. alone." This is an oblique way of acknowledging its vulnerability if Panama is hostile.

The strategic importance of the canal has diminished. U.S. aircraft carriers and many commercial vessels can now come big to pass through its locks. Its vulnerability to attack raises further strategic problems.

The canal is important economically, although not as vital as many people assume.

About 13 per cent of U.S. exports by value and 5 per cent of U.S. imports—as well as 2 per cent of U.S. coast-to-coast trade—passed through the canal in a recent year. Some Latin countries are more dependent on the canal than the United States.

According to recent public opinion surveys, the vast majority of Americans knew little or nothing about the proposed treaty before the Panama issue became a centerpiece of the Reagan campaign. The same polls showed that 75 per cent of those surveyed last month favored U.S. ownership, about 10 per cent more than gave this view in a similar survey last summer.

Senator's Shift
Sen. Goldwater's change of heart, signaled in December by an interview in an Arizona newspaper, is of major importance in conservative circles.

Six months ago, I would have been adamantly opposed to negotiating anything on the canal," he said in a letter this March to Robert Pastor, executive secretary of the private Commission on U.S.-Latin American Relations. In response to questions, Sen. Goldwater recently insisted he had changed his opinion slowly over a period of years as he studied "facts."

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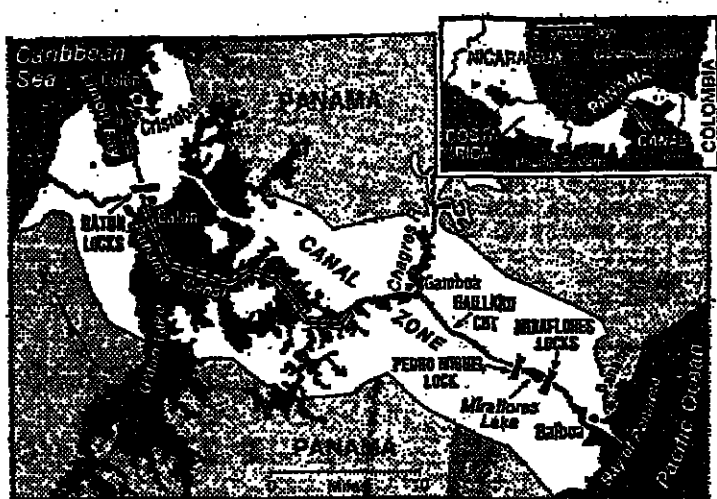
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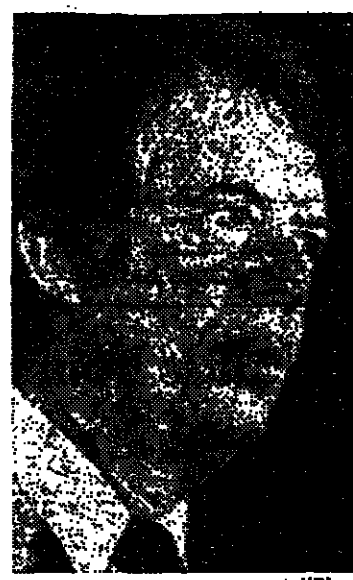
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The New York Times

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Jimmy Carter

Pace Moderate to Heavy

Nebraska Voting in Crucial Ford Primary

From Wire Despatches
LINCOLN, Neb., May 11.—Early voting was reported moderate to heavy in Nebraska today in a primary election that President Ford hoped would end Ronald Reagan's challenge for the Republican nomination.

Mr. Reagan hopes to defeat Mr. Ford in Nebraska by appealing to farmers who are dissatisfied with the Ford administration's agriculture policies and to the merchants in the hundreds of small communities throughout the state who sell to those farmers.

In the Democratic primary, Jimmy Carter, his party's front-runner for the nomination, was facing a new foe, Sen. Frank Church, in his debut in the primary campaign. Sen. Church, of Idaho, acknowledged that he was forced to wage an uphill battle against Mr. Carter.

In terms of delegates, the benefits to the winners will be small. Nebraska's Republicans will send 25 to their national convention in Kansas City, Mo., and the Democrats choose 23 for their convention in New York City.

Geographic Makeup
But Nebraska, in its political and geographic makeup, is typical of the trans-Mississippi River farm states from Kansas through the Dakotas. A victory here will indicate a candidate's strength throughout the western half of the Middle West.

Mr. Ford and Mr. Reagan also battled in a preferential vote in West Virginia, but most of the major Democratic candidates

were not entered. The voter turnout was described as light. Going into today's elections, Mr. Reagan had won four primaries in a row. Besides the Ford-Reagan preferential battles, 25 GOP delegates are being selected in separate congressional district contests in Nebraska. West Virginia is choosing 23 delegates, but state law requires them to go to the convention as uncommitted delegates.

Before today's primaries Mr. Reagan had 396 delegates to Mr. Ford's 309, with 1,130 needed for the nomination and 1,207 yet to be chosen.

The major Democratic contest was in Nebraska, with 11 candidates on the Democratic ballot. But only Mr. Carter and Sen. Church campaigned for the state's delegates.

Favorite Son
Sen. Robert Byrd, running as a favorite son, was considered the favorite in West Virginia's Democratic primary. The only other candidate on the ballot was Alabama Gov. George Wallace, whose campaign in the state was hampered by a lack of money.

In Connecticut, Democrats voted in a party-run primary to choose delegates to June 12 congressional district conventions that will in turn pick the state's 51 delegates to the national convention.

Mr. Carter, Rep. Morris Udall of Arizona and Sen. Henry Jackson of Washington were the main contenders there, although Sen. Jackson announced more than a week ago that he has ended his active campaign.

Mr. Carter led the Democrats before this week's voting with 569 delegates to 199 for Sen. Jackson, 187.5 for Rep. Udall and 128 for Gov. Wallace. Another 1,439 are to be chosen, with 1,505 needed for the nomination.

Ron Nessen, the President's press secretary, said that the President was optimistic about his chances in Nebraska and West Virginia, but felt that both would be close.

Mr. Carter was at home in Plains, Ga., yesterday, while Sen. Church continued his push for votes in Nebraska. In an election eve telecast, Sen. Church said, "In this country, it's never too late and the odds are never too great."

The senator, who entered the

Laborites Win Power
In New South Wales
SYDNEY, May 11 (UPI)—Sir Eric Williams, Conservative-Liberal Premier of New South Wales, conceded defeat yesterday to a Labor party candidate in a tightly contested state election.

The Labor party, which lost power on the national level in December, now controls three of the six state governments. The other two are South Australia and Tasmania. Mr. Williams conceded to new state Labor leader Neville Wran nine days after the election.

Across Kennedy Avenue, in Panama, the views are not as homogeneous as in Balboa. There are plenty of people who do not agree with Gen. Torrijos's approach to the canal issue.

There are businessmen who worry that a confrontation with the United States will further undermine investors' confidence in the fragile economy, which registered almost no growth last year. There are students who feel that Gen. Torrijos has not been adamant enough and has failed to strike back at insults by Mr. Reagan that he is a "born dictator."

There are many supporters of the general who applaud his ability to rally international support—at the United Nations and unanimously among Latin American nations—for Panama's claims over the canal. And there are opponents who fear that a new treaty will be interpreted as a personal victory for the general and will perpetuate his eight-year hold on power.

But it is difficult indeed to find a Panamanian, who does not

work in the zone, who will publicly say that there should not be a new treaty eventually guaranteeing control over the canal for Panama.

Something Wrong
"I don't go to bed every night thinking about when the canal is going to be Panamanian," said Guillermo Orsillo, a truck driver. "I don't want to see the Americans run out on us and close down the canal," he added. "But there is something wrong when your country is out in half and there is an American flag flying in the middle."

When predictions of a violent confrontation over the canal are made, talk inevitably turns to the riots of 1964. Those disturbances, which left 21 Panamanians and three U.S. soldiers dead, were ignited by an attempt by Panamanian students to fly their flag alongside a U.S. flag at Balboa High School in the zone. It is because of the deaths that Kennedy Avenue was renamed Avenue of the Martyrs. Most Panamanians consider the

1964 riots a watershed in history. Most Zonians, in on the disorders with no contempt.

According to Dr. Charriner, the assistant student of the Canal Zone system, the significance of the riots has been exaggerated. "Those dead Panamanians were national heroes, but number of them were at the time," Dr. Charriner said. "They performed magnificent deeds they only had a few shotguns and a few grenades. The schools were taken within a few days, called. Our minds did a day. They wanted to be the zone throughout the."

The only real legacy of the riots, said Dr. Charriner, is that there are no more Panamanians in the zone. "Sometimes I get that things are unstable, but word spread to the zone and teachers not to Panama. But that doesn't more than once every month."

Foreign Policy Brain Trust

Carter Enlists Establishment He

By Laurence Stern

WASHINGTON, May 11 (WP).—Some of us don't believe that Washington is the repository of all national wisdom," Jimmy Carter announced in Madison, Wis., on March 15.

This political theme of distrust of the conventional wisdom of the Eastern establishment has been sounded by the candidate from Plains, Ga., as his presidential primary campaign crosses the nation.

In North Carolina he jibed at the "non-elected professional politicians of Washington" who, he said, feared him because they could not control him.

Yet on April 22, as he cam-

paigned in Pennsylvania, Mr. Carter announced the formation of an advisory task force that amounted to a register of the New York-Washington foreign policy elite.

Its members are drawn from the Wall Street law firms, the Ivy League schools and the great foundation think tanks as well as from the ranks of the Council on Foreign Relations, which has been the headquarters of U.S. foreign policy consensus for decades.

Averell Harriman, a participant in more than three decades of U.S. diplomatic history, joined the Carter task force last week.

There are Cyrus Vance, who was Robert McNamara's deputy secretary of defense, now of the New York law firm of Simpson, Thacher and Bartlett; Zbigniew Brzezinski, Columbia University Russian affairs expert and director of the influential Trilateral Commission; Paul Warnke, the Washington law partner of Clark Clifford who also was in the John F. Kennedy task force last week.

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Enigmatic Candidate
Theodore Sorenson, who helped to draft John Kennedy's early speeches of commitment to the struggle in Vietnam, is also on the task force.

Mr. Carter also chose Richard Holbrooke, managing editor of Foreign Policy magazine, and Anthony Lake, director of International Volunteers in Service. Both rose quickly to important State Department posts and then became opponents to the prolonging of the Indochina war in the early 1970s.

Ideologically, the advisers to Mr. Carter could be described as moderates-in-exile, but the choices provide no solid clues as to his foreign policy beliefs or objectives. Even some of the candidate's advisers confess privately that on some of the biggest issues of national security policy—the size of the defense budget, strategic arms policy, relations with the Soviet Union—Mr. Carter remains an enigma.

"Each of us may be looking at Jimmy through the prism of his own views," one of his Washington voluntary advisers said. "I've often wondered about that. But it would not be wise at this point—in fairness to Jimmy—to come out with fixed positions."

People-Collecting
One senior member of the foreign policy brain trust and a Carter adviser privately describes the Carter task force as a "political hit parade" where it was put together to get a good collection of names, an attempt to show that he could collect people.

A top campaign official explained that the inclusion of advisers so diverse in views as Mr. Warnke and Mr. Nissen was intended to show a broad pattern of representation rather than an indication of the candidate's thinking on issues.

Until 1973, Mr. Carter's credentials in foreign policy were limited, except for the overseas trade missions he had organized to sell Georgia products abroad. Late in the fall of 1973 he was invited to dine in London with David Rockefeller of the Chase Manhattan Bank during one of his promotion trade visits.

Mr. Rockefeller, with the help of Mr. Brzezinski, was then establishing the Trilateral Commission, which has become a prestigious forum that has included in its membership the leading businessmen, political leaders and foreign policy intellectuals of North America, Western Europe and Japan.

"David Rockefeller and Zbigniew Brzezinski" felt he would be the ideal person to join the Trilateral Commission," Mr. Carter's long-standing supporter, Peter Bourne of Washington, said. "His trade missions abroad showed him to be internationally minded, and that was an important consideration."

Also, Mr. Carter was a success-

ful Southern moderate, aspiring to higher office than the governorship of Georgia. When Mr. Rockefeller Brzezinski and other were looking for a Southerner to round out the ranks of the mission in 1973, they considered Florida Gov. Askew. But they at Mr. Carter. An importer Mr. Brzezinski said, interest in foreign trade.

Through the medium Trilateral Commission, he extended his contact foreign policy establishment July, he also began action with the Brookings Institution, a factory of foreign and domestic issues central to a campaign.

Inevitably, speculation flourished over who what role in the top policy ranks of a Carter administration, a guessing game has grown in part. Mr. Carter's closest Texas primary victories.

Mr. Carter's closest Atlanta discourage say, "Things just haven't stage yet," insists attorney Stuart Eber and adviser.

But there is already a under way for "post access to the candidate."

"Almost everybody I self, playing some. Brzezinski acknowledge there are no clear sign on his part. He is talking people."

One of Mr. Carter foreign policy adviser half-jokingly of the ferent status badges in dicate's entourage of the chosen, the and the converted.

The first group the handful of friends who ported his candidacy such as Mr. Bourne and his personal staff.

The second two roughly separate those tied to his candidacy such as Milton Katz, Law School's director national studies. Colu verity Law Professor Gardner and Mr. E from the surge of suppo go aboard after Hampshire primary.

Inside speculation for prize-secretary of state on Mr. Vance, the mo of Mr. Carter's fore advisers in rank and e and on Mr. Brzezinski. Those in the Carter who counsel against s on the candidate's choi out that the campaign the convention is still a Republican opponent is certain.

And on many crucial national policy, the es mind is still open.

Record Harv Of Corn in 19 Forecast by U

WASHINGTON, May 11 (AP)—A record corn crop was forecast yesterday by the Department of Agriculture.

The report said that production materialized at harvest time will be moderately below those October-December grain prices are normally in place, supplies stock and lower retail meat.

The department estimated crop at 6 billion to 6.5 bushels, up from last year's 5.5 billion bushels.

The prediction was an assumption that the weather would be normal summer. With an mild spring farmers early ever and crop prospects are generally favorable major producing areas.

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Risks on the West Bank

An Israeli has referred to his government's "compromise" on the West Bank settlement issue as a "calculated risk." He meant, specifically, that the policy of banning nongovernmental settlements of Israelis in occupied territory while increasing the governmental kind might mean a "confrontation" with the United States. This prospect is rather more than a risk; the United States has made it clear since the 1967 war that the areas taken by the Israelis then should be returned, with some strategic expectations. But there are other risks for Israel in its attempt to peg down regions taken by force.

It certainly will increase the turmoil among the once-subdued West Bank Arabs and thus increase the difficulties of the Israelis there, during the fragile peace or in open war. It will also increase opposition to Israel among the Arabs and their Third World associates, while reducing the slim support which Israel still can claim in the industrialized West. And it gives a talking point to the Soviet Union, whose backing for Arab extremists has been rising as the détente with the United States grows more tenuous.

Jacob Malik, for example, the chief Soviet delegate at the United Nations, celebrated his return to the Security Council after his auto-

mobile accident by accusing the Israelis of "racial genocide" on the West Bank. This, of course, is nonsense. But it is the kind of inflammatory nonsense that can be expected to follow a deliberate confirmation by the Israeli government of its intention to make permanent homes for Israelis in portions of Palestine that are, under international law, still subject to diplomatic discussions of sovereignty.

What makes the Israeli action less comprehensible on practical grounds is that it might have entered negotiations over the occupied territories against divided enemies and with potential support from China and those countries that might be influenced by the Chinese example. Egypt and Syria are at odds over what was arranged in the Sinai; it is doubtful, however, that such a disagreement will persist in the face of what may happen on the West Bank.

The Israelis are, to be sure, faced by a very difficult political situation at home in which positive action to forbid further settlements of any kind in the occupied areas could bring down the government. But failure to face up to what the lack of such action almost assuredly will mean for the state of Israel is on a par with Ronald Reagan's fire-breathing efforts to rally U.S. conservatives. It is politics but not policy.

Vetoing the Military Aid Bill

Mr. Ford's veto of the military aid bill was strange, not to say ornery. The bill would have given Congress ways to review Executive arms sales decisions—decisions which presidents have made pretty much alone for years and which constitute a central part of U.S. foreign policy. The Congress insisted that there must be a ceiling on arms sales (the ceiling in the bill was higher than any sales level now contemplated); that governments buying U.S. arms must not trample without limit on the human rights of their citizens, or discriminate against U.S. citizens on the basis of religion or race—nothing, in short, that strikes us as unreasonable. The State and Defense Departments, with which the congressional sponsors had worked closely on the legislation, had found these provisions generally "workable." Yet President Ford, arriving at the issue late in the day, declared that the bill undercut his "constitutional responsibilities for the conduct of foreign affairs." The votes are not there to override.

In the absence of any explanation more convincing than his veto message, itself boilerplate, one can only surmise why the President vetoed a bill on which he had authorized his chief aides to cooperate for months. It seems that Mr. Ford wanted to head off an expected attack by Ronald Reagan against that section of the bill temporarily removing restrictions on trade with Vietnam—the President mentioned this section in his veto message. He also evidently desired—or at least was prepared—to block, without taking a political rap for it, the bill's authorization of an extra \$550 million in aid for Israel for the "fifth quarter," the period

of transition this year to the new fiscal calendar beginning on Oct. 1. The Israel money is not mentioned in the veto message, an omission perhaps best understood in the light of Mr. Kissinger's earlier assurances to the Israelis that the money was on the way. The implication is that Mr. Ford was influenced by considerations he shrinks from identifying in public. That would be a telling comment on the man, and it is not an easy judgment to make. On the other hand, there is no other way to explain his silence on one of the most important ingredients of the bill.

In any event, Mr. Ford has taken a step bound to affect every other aspect of his foreign policy which requires a good working relationship with Congress. For he can not expect to flout legislators who had been working responsibly with his administration on a key project and then expect them to pretend that nothing untoward has occurred. A continuing resolution will take care of military aid needs until Oct. 1. In the fiscal year beginning then, however, he will need a new aid authorization. To get it, since Sens. Hubert Humphrey, D-Minn., and Clifford Case, R-N.J., are determined to keep pressing for reforms of arms sales procedures, he is going to have to give. Meanwhile he can expect intensified difficulty with Congress on the various military base arrangements now pending with Spain, Turkey and Greece. These will be troubles almost entirely of his own making. Almost certainly, he will be wishing he had not succumbed to whatever pressures induced him to veto the aid bill.

THE WASHINGTON POST.

Jerry-Come-Lately

The belated entrance of California's Governor, Edmund G. (Jerry) Brown Jr., is a dramatic event in the Democratic presidential contest. Because he delayed making his move for so long, Gov. Brown can only run in three of the remaining primaries—Maryland on Tuesday, Nevada on May 25, and his native California on June 8.

If Brown wins decisively in all three primaries, the political effect would be to slow the rush to former Georgia Gov. Jimmy Carter and perhaps impel many delegates to re-examine their tentative pro-Carter inclinations. Such a re-examination would not necessarily lead to Brown's own nomination. Many, though not all, of those now expressing interest in him were originally backers of Sen. Hubert H. Humphrey and would like to see a Humphrey-Brown ticket. The fear that the Californian is a front man for the Humphrey forces is one of the biggest obstacles he faces.

Other obstacles are the relative lack of clarity in his views on national and international problems and his youthfulness and inexperience. Brown at 33 has served only 16 months as governor. With impressive skill, he is seeking to turn these obstacles into advantages.

Like Carter, Brown is a newcomer on the national scene who benefits from the public mood of disenchantment with Washington. Unlike his rival, however, he offers himself as a spokesman of a new generation which

grew up in the 1960s with the civil rights movement and the protest against the Vietnam war. Whether the country wants a new president who is both a newcomer to the federal government and an embodiment of a shift in generational leadership is the great imponderable of the Brown candidacy.

Brown is young, handsome, and intellectually provocative. But he is a serious political phenomenon or only a media event cast up by a society that thrives on novelty? The answer to this question has to be sought in Brown's position on issues.

He strikes a refreshing note when he stresses that what the nation most needs in the making of foreign policy is "a moral base." He also candidly confronts the prospect of limited economic growth that may well lie ahead for this nation. He is squarely in the Democratic party's progressive tradition in emphasizing the importance of full employment based on compassion as well as dollars-and-cents.

But beyond these broad generalizations, Brown is disturbingly vague. Rep. Morris K. Udall of Arizona, the third active candidate in the Democratic field, remains the man with the most specific program. Given the unusual popular mood of apathy mingled with discontent, Brown's combination of personal attractiveness and programmatic vagueness is probably a bigger threat to Carter than Udall's steadfast candor. Specifics seem not to be in demand this year.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

May 12, 1901

NEW YORK—Regarding the treatment of appendicitis in America there is a strong feeling among doctors that an operation is the rule rather than the exception. While it cannot be said that some cases do not recover without the use of the knife, the benefit of the doubt is always given on the side of judicious and active surgical intervention.

Fifty Years Ago

May 12, 1926

LOS ANGELES—Men are becoming more feminine and women more masculine, according to Mrs. Ruth J. Maurer, head of a national chain of beauty schools. "It is the age impulse, the women smoking cigarettes because the men do, and the men using cold cream and cosmetics because the women do." Statistics show that more than 500,000 U.S. men use cosmetics.



A Stirring at the Grass Roots of U.S. Jews

By Stephen S. Rosenfeld

WASHINGTON—The new will- ingness among U.S. Jews to publicly criticize Israel, a development detailed last week by The Washington Post's Marjorie Eyer (JHT, May 6), is a political fact of major potential import. It could, while sharpening intra-mural arguments among Jews, give an administration so minded new possibilities to edge Israel toward the compromises considered necessary for a Mideast settlement.

The targets of the new criticism are, to be sure, circumscribed. It is not the survival or security of Israel that is being questioned but some of the particular policies of the Israeli government: the treatment of Arab dissenters and the purchase of land in the occupied areas, for instance, and the general slowness to articulate an overall strategy for peace.

Just how extensive is this compassionate but acute dismay over official Israeli policy is hard to measure. Some prominent establishment names, as well as younger people to the right of the "new left," are speaking up. I offer here a bit of impressionistic evidence of sentiment at the grass roots.

Brutal Tasks

Last week I addressed a Western New England Hadassah convention in Pittsfield, Mass., my hometown. I said I thought the current Israeli leadership was not proving to be up to the brutal tasks before it; that improvements in some Arab attitudes and reservations in the general U.S. political community ought to be noted; and that the Israelis should announce they're ready to return all the territory won in 1967 and, with U.S. help, bargain for peace in return.

The audience was respectful to an old friend, even amused, during the talk. Conspicuously bursting onto speechlessness then burst forth, reaching a peak at my suggestion that the most desirable thing for Israel would be the onset of an Arab-Israeli relationship in which Hadassah would itself decide to hand over its treasured Mt. Scopus Hospital in East Jerusalem to Arabs. A national Hadassah representative in attendance immediately took the microphone to say "Never."

Afterward one man dropped off a note: "Have you listened to Radio Cairo recently? And why is Egypt spending so much for arms if it really is peace-minded?" But 20 or 30 other people said that much as they didn't like what I said, they thought I was right. Many said it was time for them to "face up." One of Pittsfield's leading Jewish activists said quietly he'd been pondering the matter all winter and had come out at the same place.

Debate Continues

The debate on U.S. policy will continue to take twists and turns on the national level, as for instance with James Schlesinger's newly public critique of the administration he formerly served. But I suspect that out there in the Hadassah chapters of the land, at the Jewish grass roots, there is growing a constituency that would support or at least tolerate more right-minded U.S. pressure on Israel.

The feeling is that Israel has gotten itself into an impossible tight place, politically and economically, being now dependent on the United States for military protection, political patronage and an annual subsidy of \$3 billion. Moreover, Israel is not thought to be adequately availing itself of what new opportunities may now exist to test the possibilities of peace.

I don't sense too much anti-semitic fear of anti-Semitism: The United States is too far for that, and, anyway, many Jews feel that a certain amount of anti-Semitism would be tolerable if Israel were still to benefit. But the political shock of President Ford's very contemplation of an Israel veto, in an election year, mind you, is strong.

(Mr. Ford has vetoed the military-aid bill, which included \$2.3 billion for Israel. The bill also would have provided Israel with \$550 million for a transitional three-month period from June 30 to Oct. 1.)

The kinds of further pressure that the United States might put on Israel, however, seem to be

terribly important, both from the viewpoint of the tolerance of the U.S. Jewish community and the viewpoint of requirements of Mideast diplomacy.

In brief, if Israel is to be asked to return to the borders that it found dangerous and frightening in the past, then it ought to get more than some Arab signatures on a piece of paper called a "peace treaty" and more than a "guarantee" that the United States might or might not feel it feasible to make good on in a crunch.

Israelis are misguided to think that they must be satisfied of a

full Arab change of heart before the territory is fully restored. But they are right to expect concrete evidence of a neighborly intent—in the conventional forms of diplomatic relations (however cool), trade and travel (though naturally limited at first), and a start on a political dialogue at least in the imperfect U.S.-Soviet mode.

The Arabs, if they are to get back their territory, cannot expect to be indulged further in their historical lament that their delicate, bruised psyches do not permit them to enter a normal neighborly relationship otherwise of such evident and enormous benefit to them.

Various security arrangements would have to be worked out. But in an atmosphere altered by Israel's readiness to quit the war-torn territory and by the Arabs' readiness to grow up, this would not be nearly the difficult problem it is in the circumstances of today.

A U.S. administration intrigued by the maturity of the U.S. Jewish community could, I think, help move the Mideast along just this sort of promising path to peace.

Reagan vis-a-vis Ford. All of which gives all kinds of Democrats a fine free ride.

Africa has not yet achieved the prominence as a political issue in coming U.S. elections that it will probably gain. So far it is outshone by arguments about Soviet relations and the Panama Canal. On both of those matters U.S. politicians are so accustomed to their illusions that they often mistake them for reality.

Such is the case with key phrases like "détente" and "Panama Canal." Ford appears to think that by baring use of the word "détente," symbolizing the fundamental of his own and Kissinger's foreign policy, he can persuade people the latter is no longer the case. And Reagan seems to think it is worth losing all Latin America just to keep the Canal Zone. Will some genius argue it is worth preserving a white Rhodesia in order to lose black Africa?

Fortunately, meanwhile, the United States has been tending to some affairs abroad through private diplomacy and has achieved more quiet success than open acclaim.

Thus, for example, the State Department coordinated with the mediation of its special envoy, Dean Brown, its growing influence in Damascus with its already established influence in Amman, Riyadh, Cairo and Jerusalem to help quiet the Lebanon crisis. It has already managed to discourage at least two threats of full-scale Syrian invasion.

Likewise, although the emotional Greek people and the scabious Greek lobby in the U.S. Congress still don't know it, U.S. policy has succeeded in bringing Athens and Ankara closer together. As the Times of London wrote recently: "Greece and Turkey stopped hurling insults against each other and are talking about ending their arms race and signing a nonaggression pact."

It is possible to ease some crises by normal diplomacy kept away from over-eager scrutiny and angry argument and at least to defer or slow down races to disaster in other areas by artful time-saving devices. As to the main issues, debated among political rivals, one can only hope they will survive electoral distortion.

Moscow now seems to understand the realities of U.S. politics enough not to become excessively alarmed by campaign slogans. As for little Panama—it had already, on Washington's advice—reaffirmed its negotiating demands until next January.

As a former governor of state whose record in Republicans at least, he is immune to the Ford case being a dangerous man can't win. A good-looking and relaxed performer, has a lock on issues—ample. U.S. control of Panama Canal—which voters can grasp easily—than any other underlines importance of television: only one way you can hundreds of thousands of people, and through TV," he said in interview the other day.

President Ford, by the way, is a distant figure in his virtues—simplicity, ease, common touch—look back at the man with more striking. He seems to be known for more for the Nixon court particularly the pardon—other states I have visit. What all this means if President Ford is going the nomination, he will do it in Nebraska, Ohio and New Jersey. In the biggest prize of the super bowl of politics, is practically for Reagan.

Policies and Politicians

By C.L. Sulzberger

PARIS—No one yet knows whether the new look of U.S. African policy is founded on the adage "if you can't lick 'em, join 'em," or if Henry Kissinger has decided to follow Talleyrand's advice: "The art of statesmanship is to foresee the inevitable and to expedite its occurrence." Probably his tactic combines the two theories.

It has become a contemporary cliché that Kissinger is the Mephistopheles of his time but the late French President Pompidou assessed him differently. "Let us say he began as Talleyrand," Pompidou suggested, "and that he will end like Bismarck." This could have been a prophetic hint. Bismarck was dropped by his master, Kaiser Wilhelm II.

If it is as a modern Talleyrand that Kissinger will be judged, there is no doubt that since he was forced by a reluctant Congress to abandon his Angola policy, the chances of an "inevitable" black nationalist victory in southern Africa have been greatly improved. Therefore, presumably, Kissinger having decided this movement can't be licked, seeks both to join it and to lead it away from Moscow.

Obviously that fundamental decision does not include South Africa. The territorial gains of black liberators there must inescapably follow patterns already laid down by Pretoria's combined program of new African states like Botswana and Lesotho or homelands like the Transkei. These lines may be substantially altered but not erased.

Whatever the abrupt shift in U.S. attitudes produces, it is obvious Kissinger has been playing for time to tranquilize the situation. Such is the obvious meaning of his suggestion that Britain's former prime minister, Sir Harold Wilson, might mediate the Rhodesian crisis, a proposal greeted as "the joke of the year" in Salisbury. The only thing that particularly Africa might gain is time.

Washington needs time. Kissinger himself once wrote: "In the contemporary world policy-makers have to make decisions on a range of issues in which they may not give many hours to the same problems that their experts have spent years studying."

This is true of Kissinger vis-a-vis his own African Affairs Department. It is true of Ford vis-a-vis Kissinger. And it is true of

Letters

Advice for Tito

Helmut Sonnenfeldt, of the U.S. State Department, expressed last December in London concern and worry about what will happen after Tito.

The internal situation of Yugoslavia is indeed very unsatisfactory. In practice the Marxist doctrine has failed entirely. None of the problems vital to the country has been solved. The relationship between the various nationalities is worse than ever. The economic situation is disturbing. The army is strong, but the best and most powerful army, as we saw in Vietnam, cannot be efficient if the people are not behind it.

Those who are worried about Yugoslavia's independence should act now. During Tito. They should try to persuade Tito to behave, not as the head of a Communist church, but as a leader who has the future of his people at heart. He should join in the new trend of European Communist parties, admit the role of political parties and grant the political as well as the civil liberties of which the Yugoslav people has been deprived for more than 30 years.

At Helsinki, the Brezhnev doctrine did not die; only its application could change. Instead of being sent on order as in Czechoslovakia, Soviet tanks could come to Yugoslavia at the "invitation" of a Cominformist group. Under a regime of pluralism of political parties, such an invitation could not be issued.

This is the only way of securing the independence of Yugo-

slavia. Tito should listen to the advice of his U.S. friends and backers. Why wouldn't Mr. Kissinger try to persuade Tito to accept the participation of democratic parties as he is now attempting to persuade the Italian leaders to refuse the participation of the Communist party in the direction of the country?

D. NIKOLITCH.

No Laughing Matter

In the news analysis (JHT, May 6) R.W. Apple tells us "Mr. Ford's best group were those under 30 years of age and those over 65; blacks; those with less than a high school education; union members, and those earning less than \$8,000 a year."

In other words, the educated, responsible, heavy taxpaying group of U.S. citizens voted en masse for Mr. Reagan. On the other hand, in your same issue, James Reston writes: "Reagan, however, is not looking for the facts but reaching for votes, and maybe the funniest thing of all is that a lot of people believe him."

It seems quite obvious that the people who do believe Reagan are the very people who now support the nation's economy; the people who are forced to pay the freight for the Kissinger-Ford-Nixon show; hence, the people who finally have an opportunity to express their disgust and indignation at the polls.

Mr. Reston is so far out on a limb already, that when he is eventually faced with a choice between "Wee Jimmy Carter" and the "Island" and a "yellow man" who is "obviously a loser and even a laugher" (Reagan) on the other, he might prefer retirement to an ignominious and unrewarding career of swimming against the tide.

In any event, Mr. Reston should start writing science fiction for a living, and leave the matter of the government of the United States of America to those of us who are presently footing the bill.

GEORGETTE B. CONTINI, PARIS.

The Medi Is Everythi In Californ

By Joseph Kra

LOS ANGELES—California media state per se and that explains why Reagan has to be taken seriously as a challenger. Ford and Jerry Brown can only be dismissed as an open Jimmy Carter.

By the term "media" I mean that press and to have replaced all other nations as the bridge between diates and voters in Cal. The two parties are so we that candidates can't even win an election out of organ house as they said, and Illinois, Pennsylvania, New York or New York. Let repeatedly found union ing against its political a ments and the union another black eye in the San Francisco municipal Business is important cause it has the financial wherewithal to facilitate camp on television.

The weakness of these tional avenues to provide reinforced by the size verity of the state. The men of the north, the politics of the San Francisco area, the grovers and of the valleys, the movers, blue-collar workers of California, have only one in common. They all are in the business of politics. The dominance of the dium in politics finds its chief expression in the election for U.S. senate incumbent, John Tunney, widely derided as "the weight son of the heavy champion." In most cases would be so vulnerable challengers galore would his scalp.

But the expense of a statewide television ad here limits the competition. The only open the Democratic primary from ex-radical leader Hayden.

On the Republican side figures are in the race. Bell, a millionaire and congressman whose features endorsements Wayne, Robert Finch, came well known over the as lieutenant governor in a White House asked member in the Nixon cabinet, and S.I. Hayakawa, semantical, who made it for himself by putting student radicals as the San Francisco State Coll.

As to the presidential campaign here, three of competitors could do well. Brown is an extremely performer, articulate in with a strong flair for laying the symbols for the mansion, the ex-ecutive and the official innuendo. But he has rated a favorite over Carter here, though Car excited attention by his i-ri-ry. But because the cratic presidential primary convention delegates out of proportional representi each congressional dist seems unlikely any candi score a decisive advantage.

The Republican side ferent. There the winner statewide contest gets California's 197 convention gates. Ronald Reagan is the perfect candidate.

Immune

As a former governor of state whose record in Republicans at least, he is immune to the Ford case being a dangerous man can't win. A good-looking and relaxed performer, has a lock on issues—ample. U.S. control of Panama Canal—which voters can grasp easily—than any other underlines importance of television: only one way you can hundreds of thousands of people, and through TV," he said in interview the other day.

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S. Aide Said Seeking EC Steel Export Curb

WASHINGTON, May 11 (AP-DJ).—United States has told market authorities that it is seeking a curbing of specialty steel exports to the United States.

Wolff, a high official in the office of special trade representative Frederick Dent, told commission officials yesterday that the United States wants to limit the export of specialty steel to the United States.

K. Changes les on Alien tion Deals

DON, May 11 (Reuters).—as investment in options C. investors was virtually led today, some stock- said, following new rules Bank of England on the of such options.

central bank said the sale sign stock options in the must be at the current exchange market rate than through the premium market.

dollar premium market is sd pool of funds that is sd to discourage capital rs from Britain. Those s wishing to make foreign nents must purchase dol- um currency that costs 55 per cent more than the rial foreign exchange rate.

ral bank officials said the as withdrawn its authority ndon-based stockbrokers vestment houses to sell op- through the investment ry pool.

Loophole Cited
central bank has taken this because of a potential it contained in its original ty relating to investment y rules, they said.

now, options had to be through the investment y pool and were sub- ly sold through the in- nt currency market, subject rendering 25 per cent to esury.

new ruling directs that s must still be bought h the investment currency t should now be sold at icial exchange rate.

al sources said that al- no breach of investment y rules have been de- ct a potential loophole has iscovered in the original ty. No evidence exists a malpractice by London s in relation to options s, the sources added.

central bank's anxiety is d by financial sources to n the possibility that non- i investors could con- y gain the benefit of the nt currency premium. residents could buy the with foreign currency and uly dispose of it here in the benefit of the in- nt currency premium, thus ing a substantial profit to they were not entitled, the s said.

commented that vil virtually put a halt tions dealings in foreign ies from London. No ill do business by buying estment currency rates, and at official exchange levels, uly at the current rela- ip between sterling and in- nt currency."

Strasbourg tomorrow and the specialty steel problem is likely to be the chief topic of their discussions.

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European Leadership Predicted An Unperceived French Revolution

By Carl Gewirtz

PARIS, May 11 (REUTERS).—Three years after its initial forecast that France would overtake West Germany as Europe's leading economy by 1985, the Hudson Institute (Europe) has taken a fresh look at the situation and come away convinced that the shift will take place even earlier than foreseen.

The first report, commissioned by the French government, was made public in early 1973. The latest version was commissioned by Credit Commercial de France, a leading privately-owned bank, in an effort to attract foreign investors to the portfolio investment possibilities in France.

The thrust of the new report is that France has emerged not only fundamentally unscathed from the 1975 recession but in a relatively improved position compared with the other major industrialized states. Edmund Hill, who heads Hudson Europe, said in an interview he now believes that output of goods and services in France and West Germany will be equal by 1980 and that France will overtake its ally well before 1985.

Throughout his report, called the New French Economy, and in his remarks at a press conference, Mr. Hillman emphasized that the French "economic miracle" has gone largely unnoticed by the rest of the world. He attributed this to "psychological factors, which could take years to obliterate."

The revision, Mr. Hillman said, results from the fact that economic growth in Germany slowed more rapidly during the recession. He noted that with both economies expected to grow about 5.5 per cent this year, the six-year average between 1971 to 1976 would put the French output growing at 3.87 per cent a year against 2.22 per cent for Germany, a bigger difference than the 5.8

versus 4.7-per-cent growth noted when the 1973 report was prepared.

The chief cause of the nation's postwar growth, he said, has been due to "a marked shift away from an excessive dependency on agriculture and services in the direction of industrial production—and increasingly an export-oriented industrial production. . . . In absolute terms, the weight of industrial production is now considerable, so that France today produces actually as many or more automobiles than West Germany, as much steel and twice as much cement as the United Kingdom."

He added that unlike Britain or West Germany, whose industrial structures are "increasingly threatened with the specter of actual or incipient obsolescence," France "has stressed high-technology, high-value-added industry, particularly in fields like electronics, high-speed ground transport, aircraft and modern weaponry."

On the critical side, he noted that the wage gap between blue collar and professional workers here remains wider than in most other industrialized countries, that inflation is a "real danger" and that the dependence on exports as a means to fuel domestic growth—now about 15 per cent of gross national product—is rapidly reaching the point where the nation may become too vulnerable to foreign economic shifts beyond France's control.

Over the short haul, he said, the value of the franc should hold steady on the foreign exchange markets and toward the end of the year return to the level it was at before it dropped out of the joint European float. At present, against the dollar the franc is some 2.6 per cent below the level in mid-March when the independent float was resumed. Against the deutsche mark, the franc is currently some 4 per cent below the March level.

For Domestic Market Leadership

British Ford Seen Overtaking Leyland

By Alan Jenks

LONDON, May 11 (AP-DJ).—Ford Motor Co. of Britain, is sharply increasing its sales and may well be on the way to permanently replacing British Leyland Ltd. as the top car seller in this country.

Figures released today showed that the British Ford unit outsold British Leyland in April for the fifth time in the last seven months.

The Society of Motor Manufacturers and Traders said Ford sold 34,705 cars in April to take 29.1 per cent of the market, while Leyland sales totaled 31,888, or 26.6 per cent of the market.

In the first four months of 1976, Ford new car registrations in Britain rose over 40 per cent to 126,483. However, this is still below Leyland's total of 133,920, down 10 per cent from the first four months of 1975.

Ford sales last month were nearly double year-earlier levels and company sales director Ernest Thompson says "the tide seems to be turning strongly in our favor."

Some other auto analysts agree. The Economist magazine's intelligence unit earlier this year said Ford might permanently take over as market leader from Leyland. Although Leyland has been hurt by recent industrial disputes, there are other reasons for believing that in the longer term British Ford can outstrip Leyland from the number one spot.

The main one is that British Ford has a newer and more integrated range of cars than Leyland. A Ford spokesman says the company believes in keeping a "fresh line of models."

British Ford last year introduced a revamped Escort at the lower end of its model range and the car is now the number one seller in Britain. The second most popular model is the Ford Cortina, and this fall Ford will introduce a new Cortina, similar to the Taunus model now being made by Ford's West German unit.

But what Ford officials and some car market observers believe will really push Ford ahead in Britain is the company's new compact Fiesta model, which will be out at the end of this year or in early 1977. This is the same car that will also be made at Ford's new Spanish plant in Valencia.

Competition for Mini
The Fiesta is expected to cut into sales of the aging Leyland Mini, still British Leyland's top seller even though it was introduced more than 10 years ago. Leyland is not expected to have a replacement for the Mini until 1978 at the earliest.

Leyland's two other top selling models, the Marina and the Allegro, although relatively new, have been somewhat of a disappointment. Sales of both cars have declined in the first four months of 1976.

The Allegro has never received much critical acclaim. The Marina competes against the Cortina in the fleet market, but sales of the Leyland model have totaled less than 30,000 this year, compared with over 50,000 for the Cortina.

Leyland does have some new

Dow Pulls Back From Year's High

NEW YORK, May 11 (REUTERS).—Prices closed mixed on the New York Stock Exchange today, with the Dow Jones Industrial average turning back twice from an approach to its year's closing high.

The industrial average closed at 1,006.67, down 0.97. Its closing high for the year is 1,011.02 set April 31. The index reached 1,011 twice today before fading.

Advancing issues outnumbered decliners by about 780 to about 655, and volume totaled 23.59 million shares, compared with 22.76 million yesterday.

Analysts said the market's assault on its year's high continued to be repelled by a heavy supply of stock for sale. Profit-taking pushed the stock market back below 1,000 several times previously this year.

Brokers added that selling for profit was encouraged by the recent climb in short-term interest rates.

Analysts also said that the stock market faced a further test of its ability to stay above 1,000. Boeing was a big favorite after it said it is one of three U.S. companies involved in weapons-for-oil talks with Iran.

At the close of trading, Boeing's stock was at 1 3/8 at 34 3/4 on 406,200 shares.

Press reports earlier in the week identified Boeing, General Dynamics and Northrop as the companies holding discussions with Iran.

Northrop's stock climbed a point to 37 1/4, while General Dynamics eased 3/8 to 60 1/2. Quaker Oats, which reported sharply higher earnings, climbed 1 3/8 to 35 3/8.

Other firm spots included CBS ahead a point at 52 1/2, International Paper 1 to 76 1/2, Communications Satellite also 1 higher at 28, Fluor 1 1/8 to 34 1/2, Burlington Northern 1 1/8 to 102 5/8.

But Eastman Kodak slipped 2 points to 104 1/4, MCA 2 to 67 3/8, and Digital Equipment 3 1/2 to 189 1/2.

Ship Orders Slump
LLOYD's Register of Shipping reported today that world shipbuilding orders in hand for the first quarter fell to 74,777,980 gross tons, down by 7,567,858 tons from the previous quarter and the lowest level since September 1970.

The present total order book "represents barely two years work at current levels of production," Lloyd's said.

Prices on the American Stock Exchange advanced in moderate trading. The Amex index rose 1.00 to 104.75.

Prices on the Chicago Board Options Exchange were slightly higher, with advances topping losses, 287 to 227. Turnover amounted to 99,449 contracts, compared with 94,062 contracts yesterday.

Farm commodity futures traded on lower levels through most of the Chicago Board of Trade session, but burst out in a flurry of buying and short-covering to close mostly higher.

Soybeans were up 7 cents a bushel, wheat 2 1/2 and corn and oats about 1. Soybean meal advanced nearly \$3 a ton but soy oil prices were mixed.

Company Reports

(In Millions of Dollars)

Genesco		Ahmanson	
Third Quarter	1976	1975	1974
Revenue	277.00	253.70	153.80
Profits	4.00	3.50	11.80
Per Share	0.25	0.22	0.90
Profits	14.90	0.10	0.52
Per Share	0.99		0.39
Coca Cola Bottling Co.			
Second Quarter	1976	1975	1974
Revenue	17.60	15.20	13.50
Profits	1.30	0.50	0.80
Per Share	0.42	0.18	0.26
Columbia Gas System			
First Quarter	1976	1975	1974
Revenue	581.00	478.20	450.00
Profits	48.40	48.00	48.00
Per Share	1.49	1.48	1.48
Grumman Corp.			
First Quarter	1976	1975	1974
Revenue	380.30	251.60	251.60
Profits	6.30	4.10	4.10
Per Share	0.80	0.54	0.54
Leaseway Transportation			
First Quarter	1976	1975	1974
Revenue	130.00	108.80	108.80
Profits	4.30	2.20	2.20
Per Share	0.57	0.30	0.30
MCA Inc.			
First Quarter	1976	1975	1974
Revenue	217.10	175.20	175.20
Profits	23.00	15.40	15.40
Per Share	2.74	1.78	1.78
National Tea			
First Quarter	1976	1975	1974
Revenue	341.10	329.30	329.30
Profits	-5.40	-5.40	-5.40
Oscar Mayer			
Second Quarter	1976	1975	1974
Revenue	268.70	287.50	287.50
Profits	6.20	5.80	5.80
Per Share	0.65	0.60	0.60
Quaker Oats			
Third Quarter	1976	1975	1974
Revenue	357.90	328.20	328.20
Profits	14.60	7.70	7.70
Per Share	0.70	0.37	0.37
Nine Months			
Revenue	1,110.70	1,041.60	1,041.60
Profits	38.90	21.50	21.50
Per Share	1.88	1.04	1.04

White, Weld performs: First quarter 1976

In the first three months of 1976 White, Weld & Co. incorporated managed or co-managed 22 public offerings for corporate issuers aggregating \$1.7 billion.

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- 1976 -	Stocks and High. Low.	Div in 5	Sis. P/E 100s.	High	Low	Quot.	Clos	Chge

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Shin pfl.60	16	89	52%	52%
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swirPk 30	17	29	7	6%
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May 11, 1976

By reading across this table of yesterday's closing inter-bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

	\$	£	DM	FF	L. H.	Gldr.	Sfr	Swiss Fr.	Dan. Kr.
Amsterdam	3.8970	4.9460	165.88	57.63*	31.553	6.933*	100.77*	44.72*	
Brussels (c)	39.94	7.75	15.20*	51.11	125.3*	14.32	21.58	6.43	
Frankfurt	2.9460	4.8568		54.82*	100.28	94.41*	103.53*	102.52*	47.25*
London (c)	1.6330		4.4680	8.9725	1.545	4.9475	71.325	44.660	11.2775
Paris									
Stockholm	4.86	5.8875	153.90*		5.97125	173.50*	12.025*	186.70*	77.70*
Zurich	2.9785	4.8445	97.42*	62.98*	0.2937*	91.05*	3.300*	41.15*	

The following are dollar values only: Danish Krone: 6.93325; Swedish: 4.6636; Swiss Franc: 2.55; Austrian Schilling: 13.7603; Italian Lira: 2.3636; Japanese Yen: 360.87; Belgian financial franc: 36.85; Canadian \$: 0.9732; Hong Kong \$: 4.9070.

(c) Commercial Trans. (1) Units of 100. (2) Units of 1,000 (3) Units of 10,000.

(*) Amounts needed to buy one pound.

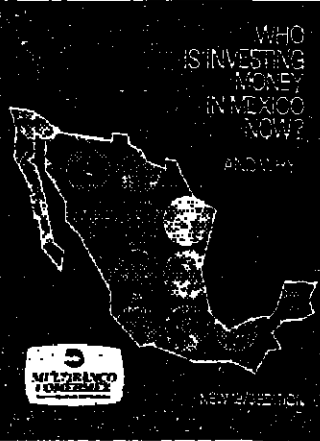
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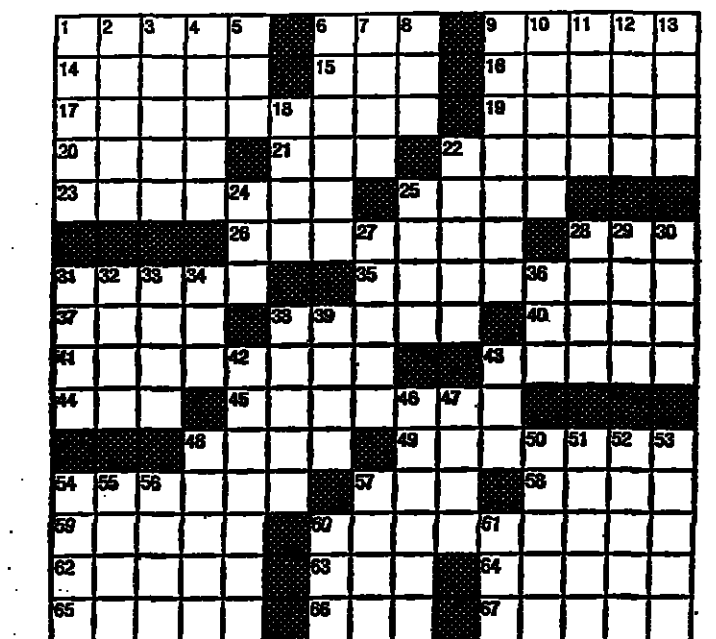
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 - Collection of quotes
 - Squirm



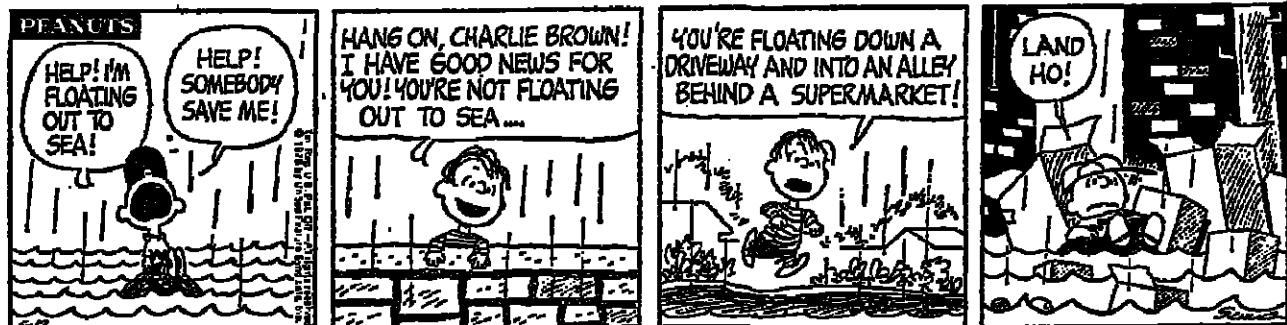
WEATHER

ALGAEVY	17	63	Cloudy
AMSTERDAM	15	59	Clear
ANKARA	10	59	Overcast
ATHENS	13	73	Clear
BEIJING	21	70	Overcast
BERLIN	21	70	Cloudy
BRUSSELS	17	63	Clear
BUDAPEST	20	68	Cloudy
CASABLANCA	17	63	Clear
COPENHAGEN	15	59	Cloudy
COSTA DEL SOL	15	59	Cloudy
DUBLIN	15	59	Cloudy
EDINBURGH	11	55	Rain
FLORENCE	15	59	Cloudy
FRANKFURT	15	59	Cloudy
GENEVA	14	57	Rain
HELSINKI	19	66	Clear
ISTANBUL	14	57	Overcast
LAS PALMAS	19	66	Clear
LONDON	14	57	Cloudy
LOS ANGELES	15	59	Overcast

MADRID	19	66	Cloudy
MILAN	22	72	Cloudy
MOSCOW	15	59	Cloudy
MUNICH	20	68	Cloudy
NEW YORK	18	64	Cloudy
NICE	18	64	Clear
OSLO	14	57	Clear
PARIS	19	66	Variable
PRAGUE	22	72	Clear
ROME	16	64	Cloudy
SOFIA	11	55	Cloudy
STOCKHOLM	20	68	Cloudy
TEHRAN	26	79	Clear
TEL AVIV	24	75	Cloudy
TUNIS	20	68	Cloudy
VIENNA	22	72	Clear
WARSAW	21	70	Overcast
WASHINGTON	21	70	Overcast
ZURICH	22	72	Cloudy

(Yesterday's readings: U.S., Canada as 1900 GMT; others as 1300 GMT.)

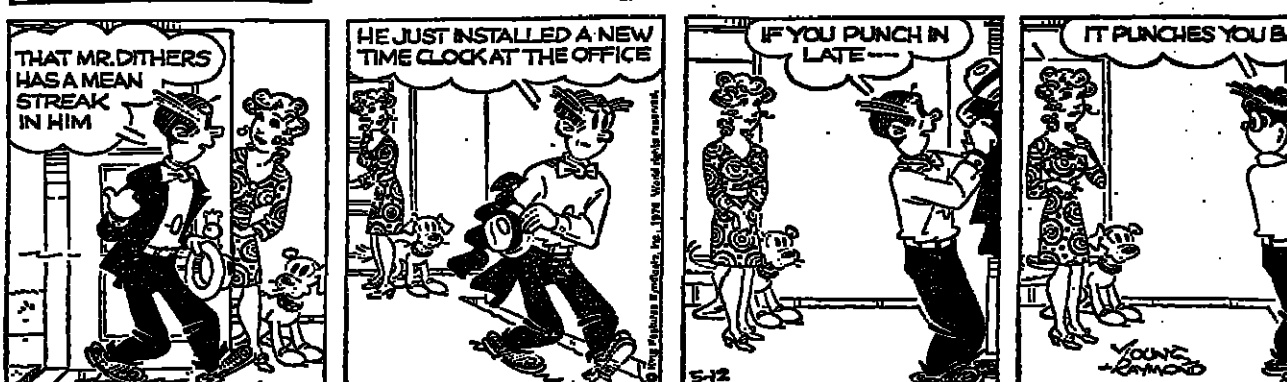
PEANUTS



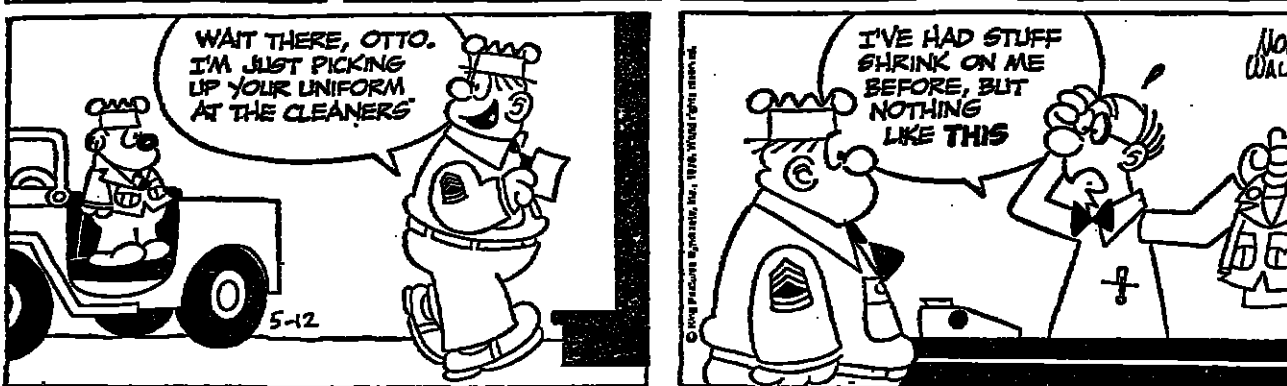
B.C.



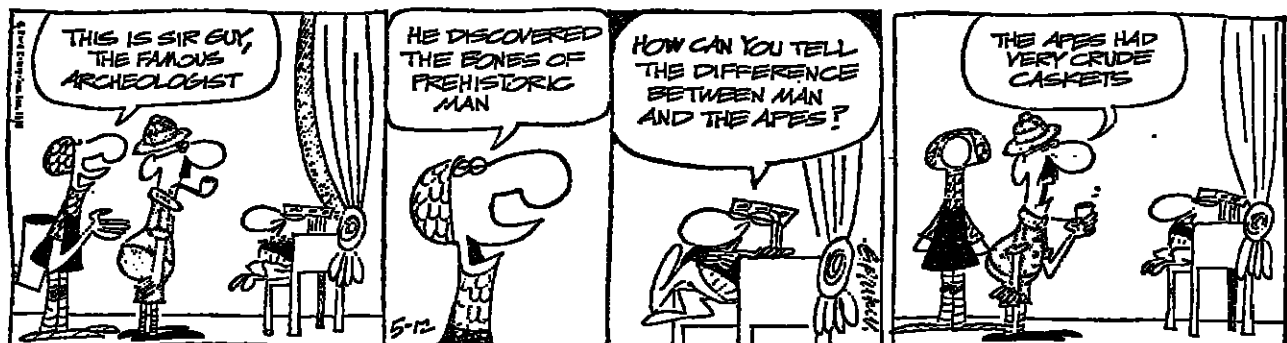
B.LONDIE



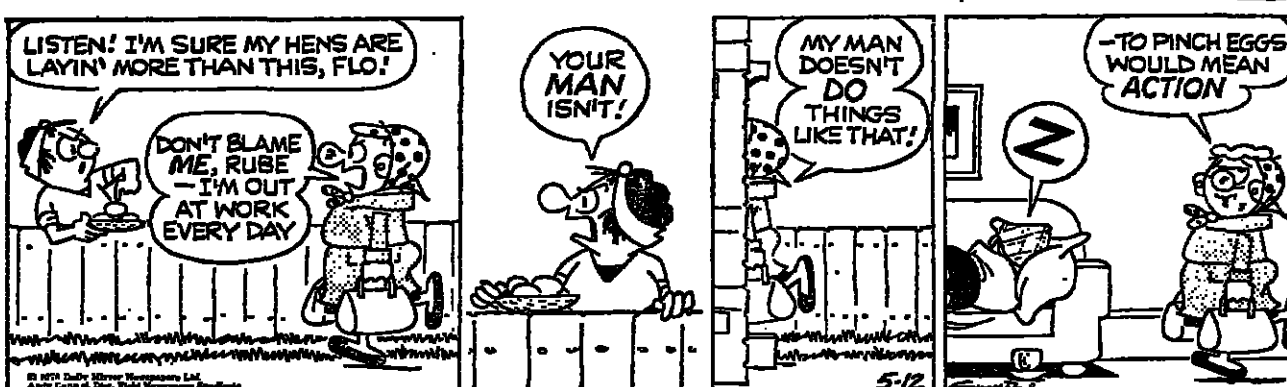
BEEBLE



WIZARD



ANDY



REX



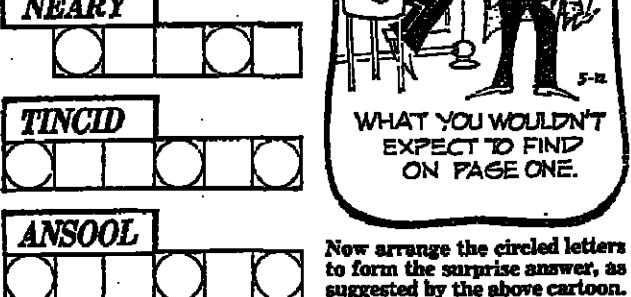
RIP



DENNIS THE MENACE



JUMBLE — that scrambled word game



Yesterday's Jumble LAPEL BUILT CHORUS EXPOSE
Answer: Might be very "silly" if the diamond isn't genuine — "PASTE"

BOOKS

THE USES OF ENCHANTMENT

The Meaning and Importance of Fairy Tales
By Bruno Bettelheim. Knopf. 328 pp. \$12.50.

Reviewed by Christopher Lehmann-Haupt

IN his latest book, "The Uses of Enchantment: The Meaning and Importance of Fairy Tales," the noted child psychologist Bruno Bettelheim is out to turn the clocks back. He believes traditional folk fairy tales, such as "Cinderella," "Little Red Riding Hood," and "The Frog King," are far more valuable to children than modern "realistic" stories.

Therefore, he intends in this study to reveal the deep psychological content of fairy tales, and to demonstrate how it aids children in solving certain enduring existential predicaments, most prominent among them separation anxiety, sibling rivalry and oedipal conflict. His ultimate "hope" is that a proper understanding of the unique merits of fairy tales will induce parents and teachers to assign them once again to that central role in the life of the child they held for centuries.

Bettelheim's argument didn't require too much elaboration before it had convinced me, at least. One need only read his explanations of "The Three Fishers," or even "The Three Little Pigs," to recall in what timeless symbolic language the classic tales speak. One need only attend to his point that the giants of fairy tales simply represent adults, or that frogs often stand for the beastly aspect of sex, to be persuaded that this symbolic language is a universal one, clear to the child in all of us. And one need only consider his defense of the extreme violence and ugly emotions represented in fairy tales—which is that they serve to reflect and defuse what is going on in the child's mind anyway—to realize how very shortsighted and superficial is the contemporary rationalist's belief that a child ought not to be exposed to such things because they implant in him or her unmanageable thoughts and feelings.

As for the relative merits of classic fairy tales and contemporary children's stories, one need only reflect upon Bettelheim's comparative case histories of children exposed to "The Little Engine That Could" and "Rapunzel" to understand why he feels the traditional to be so vastly superior to the contemporary. In one case, a child confronting a frustrating task tried reciting the formula, "I think I can, I think I can," taught her by the example of "The Little Engine." She failed at the task anyway, and what she perceived as a defeat still rankled 30 years later. In contrast, a child whose mother had died and whose father had remarried became fixated on "Rapunzel" and found in the heroine's delivery from the witch symbolic hope that required no "realistic" testing. (Obviously she couldn't attract a liberating prince by letting her hair down out of her window.) The child's "unrealistic" fears require unrealistic hopes," concludes Bettelheim. "By comparison with the child's wishes, realistic and limited promises are experienced as deep disappointment, not as

consolation. But they are that a relatively realistic can offer."

In fact, I was so soon persuaded by Bettelheim's thesis that I arrived at his conclusion: fairy tales should be read as the primary fare in child reading about a hundred years before he did. The result is a certain lag in my interest in the last third of the book, certain impatience with his exhaustive analyses of "Hansel and Gretel," "Goldilocks and the Three Bears," "The Sleeping Beauty" and "Cinderella."

But whenever one's attention about to stray completely, Bettelheim fetches it back with provocative passages or two—his footnote on the Disney film of "Snow White" in which he observes, "Each dwarf a separate name, a distinctive personality—in fairy tale they are all identical seriously interferes with the conscious understanding that symbolize an immature individual form of existence." Snow White must transcend the case he tries to make: "The Frog King" is superb modern sex education in its understanding that the child find sex disgusting, and that viewpoint has an important tectonic function for the child.

And no matter how small they become, Bettelheim's descriptions of the fairy tales served to remind me in so obscure way of my childhood experience with them—or so driven to conclude by the uncomfortable waves of fear and emotion, hope and disappointment that passed over me as I read "The Uses of Enchantment." Come to think of it, this may be the clinching point in Bettelheim's case that the fairy tale, once read, remain fixed in one's deepest unconscious. He does not explain such a strong emotional response to Bettelheim's dry and theoretical prose.

Christopher Lehmann-Haupt is a book reviewer for The New York Times.

Best Sellers

The New York Times
This list is based on reports from more than 250 bookstores in 110 counties throughout the United States. Weeks are not necessarily consecutive.

Rank	Title	Author	Weeks on list
1	1976, by Gore Vidal	Gore Vidal	1
2	Trinity, by Leon Uris	Leon Uris	2
3	The Chrysothrips, by Joseph Wambaugh	Joseph Wambaugh	3
4	The Gemini Contenders, by Robert Ludlum	Robert Ludlum	4
5	The E. Document, by Irving Wallace	Irving Wallace	5
6	The Boys from Brazil, by Ira Levin	Ira Levin	6
7	Curse, by Agatha Christie	Agatha Christie	7
8	A Stranger in the Mirror, by Sidney Sheldon	Sidney Sheldon	8
9	Knifed, by Lisa Alther	Lisa Alther	9
10	Saving the Queen, by William F. Buckley Jr.	William F. Buckley Jr.	10

GENERAL

1	The Final Days, by Bob Woodward and Carl Bernstein	1
2	World of Our Fathers, by Irving Berlin	2
3	The Russians, by Hedrick Smith	3
4	Doris Day: Her Own Story, by Doris Day	4
5	A Man Called Intrepid, by William Stevenson	5
6	Spandan, by Albert Speer	6
7	A Year of Beauty and Death, by Hilary Mantel	7
8	Angels by Billy Graham	8
9	The Rocketeers, by Peter Collier and David Horowitz	9
10	Bring On the Empty Horses, by David Niven	10

BRIDGE

By Alan Truscott

When East opened one diamond, he was looking forward to scoring a game or a slam. He felt insulted when his opponents bid themselves to a game, and doubled indignantly. North's three-heart bid was explained to be tournament play. If North had wished to invite game he would have made a cue-bid in diamonds.

West recognized that the declarer was going to need ruffs to bring home his contract, so he led a trump, a sensible choice. South won with the ace, led the club king and threw a diamond from the dummy.

East took his ace and had no more trumps to play so he played a high diamond. South ruffed and led a spade toward dummy. East captured the jack with the king and played another diamond.

South ruffed again and cashed his two club winners, discarded

ing spades from the dummy. Then he cross-ruffed, happily winding up with eight tricks and two club tricks, score 590 and leave East speechless with rage.

NORTH
♠ QJ4
♥ J854
♦ Q76532
♣ —

EAST (D)
♠ AK106
♥ Q
♦ AQK10
♣ A1094

SOUTH
♠ 987
♥ AK973
♦ QKJ53
♣ —

Both sides were vulnerable. The bidding:
East South West North
1♦ 1♥ Pass 3♥
Dbl. 4♥ Pass 3♥
Dbl. Pass Pass Pass
West led the heart two.

